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NATIONAL LIBERATION: A NON-COMMUNIST MODEL

By E. Stuart Kirby.

India has given an example to Asia and the world. The independence and national status of that vast country were secured at the cost of an amount of disorder, damage, bloodshed and friction which seems small, in comparison either with the size and difficulty of India's problems. or in proportion to what other countries have undergone, with less success, for the same aims. In this article reference is made to India only, not to Pakistan. The relative stability of India and the comparative smoothness of its economic and political relations, both internal and external, please everyone except the Communists. The Moscow-liners are vehemently attacking the new State. and the hostility of their words and actions is likely to be intensified in future. But while doctrine compels some Communist voices to assert that the kind of "Liberation" India has achieved is a sham and a delusion, the Peking Government is extremely glad of the cordial relations it has with India, and the assistance which India is giving towards the international recognition of Communist China.

It is very interesting to study this Asian example of a National Revolution of a non-Communist kind, which owes nothing to Russian guidance or intervention. India was able to break away from one foreign domination without falling into the hands of another. Her ideology is a home-produced one, matured and developed by the Indians tthemselves, not an attempt to imitate foreign patterns. The basic difference between the cases of China and India is that in the former the national destiny risks being forced into the framework of theoretical preconceptions drawn from foreign textbooks, while in the latter the national heritage and the nation's needs are first considered, and theories are judged according to whether they conform to the one and promote the other.

Hence India has no need to impose a complicated political orthodoxy, with fancy "new" formulas about "democracy," wrapping up a party dictatorship with a temporary toleration of other groups (so long as the latter obey in all essentials). Instead, there is real democracy, of the older-fashioned sort, with all its variety and liveliness of political thought and social experiment. All the fertile strains of the modern world are represented, from capitalist democracy, through state capitalism, idealism, pacifism, and many others, all the way round to Communism itself. But in the free competition of ideas, the left wing has not been able to gain domination.

India's is a truly National Revolution. This is demonstrated by minor and major signs. The former might be instanced by the reversion to the very ancient name of the country, Bharat. This is a good ancestral proper name (cf. Tong or Han in China, but without any factional associations, therefore perhaps more like Hsia); it is not just the party-label of a particular doctrine, like "People's Government". The major signs might be instanced by the proclamation of a fully Republican status and constitution, which nevertheless does not preclude participation in the British Commonwealth. The world-ideals of the latter are appreciated, and also its practical advantages though there can be no serious doubt of the genuineness of Indian opposition to Imperialism. There could be no clearer testimony that the Commonwealth is regarded as standing for progress rather than reaction. In all its affairs, external as well as internal, the new India pursues a policy of conciliation through collaboration, which detracts in no way from the country's national standing and independence; indeed it is visibly strengthening them.

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The transition from British rule to independence has proved, in the first place, the ability of the Indians to secure order and progress; in the second place, it has proved the sincerity of the British wish to collaborate in the same direction. It is becoming increasingly clear how much the British did in executive training and in the devolution of authority, in the closing period of their rule. To realise how strikingly either side has been vindicated in these respects, it is necessary to cast one's mind back—over a mere ten years of time, but representing a great leap of mental development—to remember how bitter were the mutual suspicions in the old days. British and other people's doubts of Congress were intensified by the apparent "Utopianism" and impracticality of its programme: the Congress platform dwelt very little on specific proposals, and did not look much beyond the attainment of political independence, encouraging the belief that the latter would more or less automatically solve all problems. This being so, it is truly amazing that there has been no extensive disillusionment or social strife in the subsequent period, Free India showing remarkable stability and important signs of progress.

This is not to say that all conditions are perfect in India. There are very serious difficulties, which must be considered in due course. The first point is that India is a living test of the achievement of aims of national independence and development without recourse to Communism or to Russia; that the social and economic policies of India are accordingly denounced by the Left, and the whole country depicted by Communists as in the grip of reaction and declining standards for the people. Hence it is urgently necessary for the free poples to attempt a full and objective assessment of the true conditions and tendencies in India, to see whether Communism is really the only solution, or even a better solution for Eastern problems. The present article attempts only an introduction to the topic, by outlining the general basis of national economic planning and policy in India.

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Specific planning for postwar reconstruction was started by the government of British India as early as 1941, when a Ministerial committee was established for the purpose. In 1944 this evolved into a Planning and Development Department, which was quite an important section of the Government. The "Second Report of Government on Reconstruction and Planning" (1944) laid the whole groundwork for postwar policy. The government of each Province was to establish the correspond-

ing local organisation and to make a five-year plan for its own area. At the same time, each section of the Central Government was to prepare country-wide schemes for the subjects with which it was concerned, on an equivalent basis. Thus from the start plans or programmes were made both "horizontally" (by districts, but for all industries) and "vertically" (by industries, but country-wide). These were to be coordinated by the abovementioned metropolitan Planning and Development Department.

A scheme of Industrial Development Priorities was also laid down, which, despite many intervening arguments and changes, is still basic in the national policy. Twenty industries were to be subject to control: 1. iron and steel, 2. prime movers, 3. vehicles, 4. aircraft, 5. shipbuilding, 6. electrical machinery, 7. heavy machinery, 8. machine tools, 9. chemicals, 10. electro-chemicals, 11. textiles, 12. cement, 13. power alcohol, 14. sugar, 15. fuel oil, 16. rubber, 17. non-ferrous metallurgy, 18. electric power, 19. coal and 20. electronics. The way in which this still remains the basic policy may be illustrated by referring to the latest general statement (Government Reso ution on Industrial Policy, April 1948), which orders that new enterprises in certain industries (Nos. 1, 4, 5, 15, 19 and 20 above) may only be started by the State, and all others in the same list (1-20 above) would be "regulated" (but also "assisted"). Similarly the Statement of Policy Priorities made in 1944 is interesting, and is still basic today, in the same way as the list of industries subject to control. "Policy Priorities" were: (a) development of resources and national wealth, (b) national defence, (c) maintenance of full and stable employment, (d) "socially equitable" distribution of "the additional wealth created by industrial development."

Controls were necessary—the statement went on—to secure balanced investment, as to secure decent standards for the workers, to prevent excessive profit by the capitalists, to ensure the quality of products, to check personal or community monopolies, and to promote technical improvement, with special attention to depressed castes and classes. Communist publicists please note that all the above was elaborated by the 'blood-sucking' British Imperialists, in close collusion with their Indian 'lackeys'. But it is no use addressing the Communist publicist, since he is quite capab e of asserting in one breath that all this was a hollow sham and a verbal smoke-screen of Imperialist intentions, and in the next that it was a skilful and thoroughgoing scheme for the exploitation of India.

Obviously, the approach outlined above was gigantically bureaucratic. Bureaucracy is however almost a necessary evil, for such a large country. And this defect was counteracted by certain features. One was that Industrial Panels were set up, alongside these governmental planning organs, composed (on the lines of the Industrial "Working Parties" in Britain) of leading industrialists, trade-unionists, technicians, etc. in each industry, who gave realistic advice and criticism. Another was that "Planning" and Industrialisation were much in the public mind, and independent views and experience were much heeded. Especially influential was the specific and realistic "Bombay Plan" (for the industrial development of India over 25 years) produced by the Tata interests. Communist publicists may care to note that under the "Imperialist terror" a left-wing counter-proposal, the "People's Plan", was also influential; it was endorsed by the Communist Party of India. The latter was however then (in 1944) supporting the Government of British India, so perhaps something has changed in the meantime.

The year 1945, in which the war ended, saw swift political development; the way was prepared for the handing over of power in 1946, when British Advisers in the Provinces were replaced by elected Indian Ministers, and Pandit Nehru became Premier. The amount of study, documentation, experiment and preparation, on national economic development problems, which was even at that date (1945) already extant in India is phenomenal. An acquaintance with this material might give pause to some people in China who imagine that political incantations, on such themes as the people's capital, feudalistic cliques, etc. are any substitute for broad knowledge, close study, and hard thinking. Of government "Blue Books" alone, not to mention any other category, a minimum list would run into scores, as at 1945 already. (E.g. 22 reports by the Industrial Panels, Burns Report on Agriculture, Bhore Committee on Public Health, Railway Reorganisation Plan, Adarkar Report on Workers' Insurance, various Irrigation Projects, Khareghat Report on Agrarian Development, Sairayya Report on Co-operatives, Price Stabilisation Committee . . . etc. etc. The whole field to the end of 1946 is summarised in the "Report of the Planning Advisory Board").

In the reorganisation of the Government in 1946 (i.e. its handing over to full Indian control) the Planning and Development Dept. was replaced by an "Advisory Planning Board," which has continued the same role ever since. It reiterated and continued the general policy already defined; but laid some stress on regional dispersal of industries and full attention to local requirements.—it has refused to fix "target figures," limiting itself to general perspectives. During 1947, the final political settlement occurred, with the creation of the two Dominions of India and Pakistan. This partition enforced a recasting of all detailed calculations, but each of the two new States inherited the administrative machinery, the ideas and the experience which had thus been evolved in association with the British. India has since carried on very much in the forms, and to a notable degree in the spirit elaborated during the period of transition of which an outline has been given above. This given some indication of the motives and at least the theoretical intentions, in the case of India. In a later article, we may find an opportunity to review the further course and results of these policies, and the actual economic conditions in postwar India.

ECONOMIC NEWS FROM THE UNITED STATES

By E. Kann, (Los Angeles)
(Special to the Far Eastern Economic Review)

Canada's New Exchange Policy

About three months ago I heard of Canada's intentions to bring to full parity with the U.S. dollar Canada's monetary unit. This rumour has, at the beginning of October, been realized, though with reservations. What actually happened was that the Canadian authorities decided to let their dollar find its natural levels in the open markets. Now, the question will probably arise: why was this measure decided upon?

The main reason for the attitude of the Canadian authorities can be found in their endeavour to protect Canadian economy against inflation. In recent months Canadian exports to U.S.A. mounted in volume and value; at the same time large sums of American money were being transferred to Canada for speculative investment there. These considerable amounts of U.S. money were exercising an upward pressure on the Canadian price level. In valuing its currency upward the Canadian Government intends to counteract inflationary developments.

Although the long-term prospects for a more favourable balance in the United States-Canadian trade are promising when compared with the past, the near-term outlook is more uncertain, says United Business Service. It is planned to remove import restrictions into Canada as of January 1, 1951. It will be interesting to watch to what extent imports then will expand. It also ought to be realized that much of Canada's export boom is due to U.S.A. rearming program. As this trade is liable to subside, it was deemed adviseable to keep the exchange rate flexible, so as to allow an automatic and simple adjustment of changing circumstances.

The Canadian Ministry of Finance has a dollar fund of about two billion available. With such a large sum the authorities can exert a powerful influence in the international exchange market. These powers undubitably will be used to prevent erratic exchange fluctuations. This means that exchange controls will not be abandoned. For days past quotations between the U.S.$ and Canadian currency stood at between 3 and 4%, and it appears that such a level might be desirable to the Canadian Government.

Seemingly the new policy will prove satisfactory to businessmen and investors in both countries. Canadians will profit from a relaxation of inflationary pressure and a modest reduction of import values. Americans, on the other hand, will enjoy more favourable export markets in Canada. It remains to be seen whether this shift to freedom will work; there are symptoms that it will. If so, it stands to reason that there will be analogous endeavours on the part of other countries, with the result that international commerce and conditions pertaining thereto might witness an improvement.

The Economic Situation in U.S.A.

Economically conditions in U.S.A. continue to be fully maintained and, in certain groups, even to advance further. The solidity of the financial basis is exemplified by the fact that even at the height of desolate news from the Korean battlefront, financiers and manufacturers were not jittery, correctly maintaining that this was a passing phase. Now, when overwhelming victories have been achieved in Korea, there is no undue jubilation, no uncalled for elation and no signs of complacency. Work goes on methodically and in a most orderly fashion.

The SEC (Secretary and Exchange Commission) recently published the results of earning attained by American large manufacturers during the second quarter of 1950, ended June 30. The figures reveal a sharp increase in total assets, as well as a peak in earning during the second quarter. There is no doubt that further expansion of those activities, resulting in enhanced results, will be announced when it comes to publish doings of the third quarter.

SEC figures reveal that net profits after taxes of all manufacturers during the second quarter of 1950 aggregated $3,200,000,000, an oll time high. This is 34% ahead of the first quarter and 59% increase over the June quarter of 1949.

According to the study referred to, total assets of manufacturing corporations amounted to $115,000,000,000 at the close of June, an augmentation of $3,700,000,000 over March. Net sales of manufacturing concerns reached a record figure of $43,500,000,000 in the second three months, or about 13% above the first quarter. Dividend payments for the second quarter were estimated at $1,100,000,000, slightly more than for the first three months of the current year. Profits for dealers in furniture and fixtures increased more than the other groups; the next group was dealers in lumber and building material; thereafter motor vehicles and parts, to be followed by rubber products. Only three groups showed declines, namely printing and publishing, apparel and finished textiles and textile mill products.

Production in U.S.A. rose from index 207 in August to 212 in September. Dividends paid out during the first eight months of this year amounted to 8% increase when compared with the same period of 1949. The number of unemployed in September dropped to 2,300,000, the lowest level in 21 months. Orders placed assure full occupation of factories during the last quarter of this year.

On the debit side we find continued demand for increases in workers pay. Another obstacle to unbounded prosperity is to be seen in increasing taxes, in credit curbs and weakness in some over-inflated articles.

Standard Oil Co. of New Jersey

The following are particulars as to the present status of Standard Oil (New Jersey), as supplied by Sutro & Co., members of the New York Stock Exchange:

Shares outstanding October, 1950: 30,285,000, par @ $25.

Dividend $5.

Yield 5.8%.

Estimated 1950 earnings $11.

Price earnings $7.8.

The four major holdings of Standard Oil of New Jersey have a market value of over $100 per share of Jersey, as follows:

	Shares Owned by S.O.N.J.	% Owned by S.O.N.J.	Per Share of S.O.N.J	Price	Equiv.
Creole Petroleum	24,277,869	93.87	.8016	45¾	36.67
Humble Oil	13,016,190	72.41	.4298	100½	43.19
Imperial Oil	18,896,008	69.64	.6239	28	17.47
Intl. Petroleum	12,139,233	83.58	.4008	11½	4.61
Market Value 4 Stocks per Share of Standard Oil (New Jersey)					101.94

In essence, one might say that Jersey's other assets, the production of Carter Oil, the refining and marketing organization of Esso Standard, the Aruba refinery of Lago Oi , the network of pipeline systems, the tanker fleet, the properties in Europe, the Near East and Asia, etc., are available for nothing in the current price of Jersey common.

With earnings of $5.27 per share reported in the first half, it is estimated that Jersey will earn about $11 for the full year 1950 allowing for the present tax rate. The dividend was raised to $1.25 in the third qharter of this year, or to an annual rate of $5 per share. Thus, Jersey is selling at 7.8 times earnings and give a 5.8% yield.

To the foregoing might be added. Price on October 11, 85⅞. Fluctuations between 1937 and 1948, High 92⅞, low 29⅞. 1949: High 74⅞ low 60¼.

Paid dividends since 1882.

Annual earning: 1946 $6.50; 1947 $9.83; 1948 $12.44; 1949 $8.91; 1959 (6 m/s) $5.27.

U.S. Credit Controls

Hitherto one of the most properous industries was the construction trade, a factor of which mention was made repeatedly in these reviews. Now Government has ordered tight controls on home mortgage credit, to be effective as of October 12. The new restrictions demand non-veterans to make cash payments from 10% on homes costing less than $5,000, while houses costing $24,000 and upwards can only be purchased with down-payments of 50%. Veterans will have to produce 5 to 45% for down-payments on homes.

The new measure provides for re-payment of mortgages within 20 years, except as regards buildings valued below $7,000, where 25 years time is conceded. These new regulations refer only to one or two family-homes and not to apartment buildings or factories, for which category other regulations are being worked out. The new controls are intended to reduce the pace of home building from the current 1,300,000 a year to about 800,000 in 1951. They do not refer to existing bank or other mortgages, but merely to new houses, started on or after August 3, 1950. The regulations state clearly that down-payments cannot be borrowed from any other source, except for loans against equities in insurance policies.

Under the old rules veterans were required to pay only 5% down, regardless of the price of the home; they were allowed to repay within 30 years time. The new stricter regulations for all prospective buyers will have repercussions beyond the circle of builders and lenders. The housing boom provided work for 2,500,000 men in August, beside supporting an enormous building supplies industry. Indirectly it had provided an expanding market for furniture, refrigerators and other household appliances, on the credit purchase of which Government has already applied brakes through credit restrictions. The Federal Housing Administration will prohibit second mortgages on which it has already extended credit.

Television Dispute

A great controversy has arisen over television broadcasts in colour. On October 11 the Federal Communications Commission authorized the Columbia Broadcasting System to start commercial colour television operations on November 20. This dictum severely hits the large manufacturers of sets who had declined to make sets capable of receiving CBS colour pictures in black and white.

The new decision does not infer that the 8 million T.V. users will be separated from their hobby, for it will continue to be possible to receive pictures in black and white as heretofore. But those participants, who wish to obtain coloured pictures, will have to have new installations, respectively additions, made at not inconsiderable extra-cost. Present viewers will have adapters newly installed if they desire to participate in the new measure. On a mass production basis adapters would cost from $30 to $50. The cost of colour converters is placed by experts at $90.

While not asserting that there is no further room for experimentation, T.V. Commissioner G. E. Sterling states that

the door for other alternatives has been closed. In explanation he says that, in the event of a new system being devised at a later stage, it would mean that the industry would have to convert all over once more. He explained the need for an early final decision, maintaining that the longer the issue drags on, the more people will be buying television receivers which, shortly thereafter, will have to be converted or replaced.

The manufacturers insistent appeal to postpone final decision on colour transmission was rejected. The same fate befell the Radio Corporation of America's request for additional time to improve its own rival colour system. Some manufacturers plan to get a Court injunction against the new measure. They contend that it would take minimum six months to turn out sets capable of receiving the CBS colour system.

Meanwhile opposition to the new ruling from manufacturers and dealers is growing. New York dealers called a special meeting in order to discuss legal action. The competition maintains that the CBS colour scheme will never be practical for anything more than 10—12 inch picture tube.

"We are still several years away from colour television," states John F. Meck (of John F. Meck Industries, Chicago). "The arbitrary decision has no practical effect on the situation, but only adds to the confusion." He added that his company will continue manufacturing present type sets indefinitely. John Craig, of the Avco manufacturing Co., opines that colour television in the home is still three to five years away. Ross D. Siragusa, president of the Admiral Corporation, Chicago, said that no sponsor will make an investment in colour telecasts for an audience which will consist mainly of CBS executives. W. J. Halligan, president of the Hallicrafters Co., Chicago, predicted: "The disappointment will be staggering when the consumer public finally realizes the abnormality of this long awaited, but so misbegotten child."

UNEMPLOYMENT RELIEF IN SHANGHAI

by Francis Wu

A total of 90,653 unemployed workers, with 133,002 members of their families dependent on them, were registered with the Shanghai Committee for the Relief of Unemployed Workers since its establishment in June, 1950, and they had to date been given relief to the tune of 19,954,661 catties of rice and JMP$35,931,340,751 in cash. Total contributions to the city's unemployment relief fund to date, all converted into currency, amounted to JMP$142,194,203,719.58.

Such was the gist of the unemployment relief situation in Shanghai city today as given in a lengthy report on the subject by Liu Chang-shang, Chairman of the Shanghai General Trade Union, before the 2nd Conference of the People's Representatives of Shanghai which was concluded only a few days ago.

The unemployment situation in Shanghai grew to acute proportions immediately following the serious bombing of the city by Kuomintang planes on February 6, 1950, which partially destroyed Shanghai's power supply system. The great import of the situation was at once realized, and a general call issued to the entire city, but particularly the employers and the workers themselves, to the need for immediate attention to the problem. The contribution of one day's wages by employed workers, with an equal contribution from their employers constituted the main feature of the relief plan put up by the Shanghai authorities. This pratictice was subsequently also adopted for unemployment relief in other parts of the country.

The answer to the call was satisfactory. Not only the people in Shanghai, but also those from other parts of the country, contributed sums to the city. Particular mention must be made of the workers in Manchuria, who, in addition to contributing to the unemployment relief fund of Shanghai to the considerable amount of JMP$8,366,051,624, also despatched a Mission to visit Shanghai's unemployed to bring them comfort, both material and moral.

Total relief contributions received by Shanghai to date are tabulated below (all contributions having been converted into currency):

Class of Contributors	JMP$
Trade Unions in Shanghai (i.e. the workers)	9,006,645,694.65
Members of Government Organs in Shanghai	606,502,211.00
Students in Shanghai	103,216,632.00
Individual Contributions in Shanghai	111,715,663.00
Receipts from Charity Shows, Matches	35,797,799.00
Workers from Outports (except Manchuria)	109,395,916.00
Government employees from outports	36,818,090.00
Students from outports	19,408,460.00
Individual contributions from outports	74,653,891.00
Members of the People's Liberation Army	574,898,190.00
Industrial and Commercial Circles (i.e. employers)	5,057,097,444.00
Workers in Manchuria	8,366,051,624.00
Workers in Shantung	589,000,000.00
Contributions from Various Organizations	78,058,901.00
1% (of Wages) Contribution to Relief Sinking Fund (from employees)	3,925,343,208.54
Appropriation from Shanghai Municipal Government	36,500,000,000.00
Appropriation from Shanghai Relief Committee	2,000,000,000.00
Appropriation from East China Relief Committee	70,000,000,000.00
Appropriation from Central Government, Peking	5,000,000,000.00
Grand total ...... JMP$	142,194,203,719.58

Actual unemployment relief was carried out in Shanghai as early as in April 1950 when the "contribute a day's wage" movement was launched to create an emergency relief fund. Help was given, through the trade unions, to the most serious cases of unemployment, and in some factories, the system of providing free food for all unemployed workers was practised.

In June, 1950, unemployment relief became organized. The Shanghai General Trade Union in conjunction with the Bureau of Labour of the Municipal Government, organized the "Provisional Committee for the Relief of Unemployed Workers in Shanghai." The Committee undertook emergency relief on the principle of immediate attention to the most needy.

As the unemployment situation continued to aggravate, relief was put on a more extensively and permanently organized basis. The provisional committee was reorganized, on July 2, 1950, into the regular "Committee for, the Relief of Unemployed Workers in Shanghai," with Mayor Chen Yi as the Chairman. A staff of 461 attend to the routine business of the Committee, and apart from 96 of them who have been transferred for service in the Committee from the various government organs and public organisations which participate in its work, the rest have been recruited from among the ranks of the unemployed themselves.

In the period of nearly half a year since relief was undertaken in the city, as already stated, 90,653 unemployed workers, with 133,002 dependents, had access to relief amounting to 19,954,661 catties of rice and JMP$35,931,340,751 in cash, while the total of relief donations received by the relief authorities amounted to JMP$142,194,203,919.58.

Since the relief Committee was placed on a properly organized basis, a total of 86,315 unemployed workers had been registered.

Of the registered workers, 9,191 had since been organized into participation in "work-relief" schemes, including road repairs, land reclamation, and conservancy projects. Another 3,000 would immediately be put on similar jobs. It is further expected that by the end of 1950, a total of nearly 40,000 unemployed workers will be thus taken care of.

At the same time, through the assistance of the various trade unions in the city, another 9,897 have been organized into "production for self salvation" schemes with the opening of 15 workshops for the manufacture of hardware articles, coal briquettes, shirts and shoes.

The Committee also successfully repatriated 1,767 unemployed workers, with 1,419 members of their families to their native districts for participation in local production enterprises.

More than 22,000 unemployed workers were admitted into the various study classes organized by the Committee and providing courses in political, cultural, land reform, and accounting subjects. Study facilities have also been provided for unemployed workers put on the "work relief" schemes and the self-salvation workshops above-mentioned.

With the general improvement in the economic situation of Shanghai, the Committee has also succeeded in finding employment for 10,947 of the registered unemployed. The number does not include many other unemployed workers who has since been re-employed by their former employers or have sought new employment without the aid of the Committee. Following a recent directive issued by the Central Government in Peking, the task of finding employment for unemployed workers has since been transferred by the Committee to the Employment Agency created under the Labour Bureau of the Municipal Government which now undertakes the centralized task of finding jobs of the unemployed.

The unemployed among intellectuals, mostly school teachers, have been given adequate attention by the Committee. In conjunction with the Education Bureau of the Municipal Government, the Shanghai Committee of the Communist Youth Corps, and the Educational Workers Trade Union of Shanghai, training course have been provided for such unemployed intellectuals, organized study groups started, and jobs found whenever possible. There are registered in the city 1,569 unemployed teachers. More than 200 of them have been admitted into the New Educational Institute where they are receiving special courses of instruction which will qualify them later as teachers in workers' schools or in the larger factories which provide their own educational facilities for their employees. Efforts of the authorities in the maintenance of former schools threatened with the need for closure also averted the increase of the ranks of unemployed teachers by 1,394.

The large number of youths in Shanghai without employment and facilities for further studies have also been attended to. A total of 8,727 youths in the city have been admitted to general study courses political studies courses, and technical studies courses, and many given aid for admission into higher institutions of learning.

The Committee looks back on nearly half a year's work of success. The unemployment situation in Shanghai today is basically arrested, but the situation is still not yet fully under control, as foreign trade is not restored to its fullest proportions, and difficulties are still in the way in the acquisition of certain imports which prevent the industrial activities of Shanghai to be fully restored and developed.

Profitting by the experiences gained so far, the Committee looks forward to a reorientation of its policy and measures applied in the continued relief of workers in Shanghai. However, it feels justified in the numerous emergency measures taken in the past, which, though apparently not conducive to the permanent rehabilitation needs from a long range view, nevertheless produced the effects of calming down the population, especially the working class, in the early period of the acute crisis resulting from the extensive bombings rarried out by the Kuomintang planes. Confidence in the future was also restored, and labour-capital relationship greatly improved in the midst of the co-operation which existed in their common response to the call for relief.

Special attention will in the future also be paid to the educational phase in the relief programme. Hitherto, the training courses provided have only been superficial and did not arouse the great interest of those for whom they were intended. It was felt necessary, therefore, that more attention must be paid to the technical aspect of the courses provided to raise the technical capabilities of the workers and promote their chances for re-employment.

The work-relief schemes undertaken so far have chiefly been concerned with various municipal development projects, and it is felt that the scope of operations along this line may be further extended. Among other things, measures are considered for the initiation of "work-relief" projects for the betterment of the living quarters of the workers themselves.

Based on these various experiences and studies of the needs of the city, the Shanghai Relief Committee plans the introduction of a relief scheme from now onward featured by the following major lines of action:

(1) The extension of "work relief" projects to give work to the unemployed, with special attention to projects which tend to promote the living conditions of the working class, such as the repairing, renovation and building of workers' hostels, the improvement of sanitation facilities

THE SITUATION IN FUKIEN

Business has recently improved again and trade is assuming some measure of regularity. Communications with Shanghai have been restored though precautions are still taken lest some surprise Nationalist raid from Taiwan causes damage to ships and cargo. Since Shanghai is now frequently visited by ocean steamers and cargo from Hongkong is arriving in large volume, Fukien ports are greatly benefited by this new turn. Foochow harbour shows more activity as small craft from the north is coming and going usually carrying away the province's two major export staples, lumber and paper. Prices remain stable and food has even become cheaper but the purchasing power of the masses is low and few people can afford what may be described in China as luxuries. But there is, on the whole, much expression of satisfaction that economically things are looking up and that the new currency has proved its value.

The authorities are not praised for this though their eagerness, integrity and often Prussian-like thoroughness is meeting with recognition on the part of all people, even those who are opposed to communism. The undoubted progress which the last few months have seen is the result of peaceful conditions in the country and the people congratulate each other for this state of affairs.

The Korean war brought in its wake the very welcome suspension of the plans for attack by the Chinese red forces on Taiwan and therefore the people felt encouraged about the near-future prospects of trade and business generally. As long as the U.S. keeps its ships in the Taiwan straits and thus effectively bars the outbreak of hostilities between red China and KMT Taiwan there should be peace in Fukien. Merchants are hoping that the 'Formosan question' can be settled without resort to violence and after the Wake island conference between President Truman and General MacArthur the outlook for peace in this part of the world appears brighter.

Peking of course must feel frustrated; after so much fanfare and chest-thumping the so-called liberation of Taiwan has had to be put off for sometime 'after Chinese New Year'. The year 1950 will pass and Taiwan still has not been brought under the rule of Peking. That, together with the communist debacle in Korea, shapes up into a distinct loss of prestige of the communist regime, both at home and abroad. Rumours of war following the impending red China's interference in Korea have been upsetting but so far the threats uttered in Peking have turned out to be empty gestures. The people are elated about that as they hate and fear war with China as the battlefield. The Peking government has become very suspect in the eyes of the common people of Fukien as their adventurous foreign policy, which appears now clearly as being ordered by Russia, may sooner or later embroil them into a big war the consequences of which, for the Chinese, cannot be other than ruin and misery. There are no reasons why China should take up arms—in defence of the so-called People's Republic of Korea or for the 'liberation' of Taiwan. To prattle about such things sounds highly ridiculous to the Chinese people—in whose name Peking is trying to intimidate big world powers.

That the Taiwan campaign has been called off has appeared clear from the very extensive troop movements from south to north. All available means of land and sea transport were taken up to get several divisions northward. Railroads were clogged and peaceful trade was greatly impeded. The northward transport has now come to an end. The question was uppermost in the people's minds: what was the object of these troop movements? In the complete absence of any official enlightenment the public formed its own opinion: upon Russian orders Chinese armies had to be assembled in North China and Manchuria—for a bluff or for actual intervention in the Korean war.

The authorities in Peking have been making a very serious blunder by keeping facts from the people. This policy of secrecy will one day boomerang with disastrous effects for the regime. It is erroneous to simplify

(*Continued on Page* 541)

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in workers quarters, the provision of school houses for workers' children, and facilities for the recreation and physical culture of workers.

(2) The provision of technical training course for the unemployed.

(3) The promotion of the educational levels of workers.

(4) The better organization of unemployed workers.

(5) The promotion of the concern on the part of the employed for the unemployed.

It is pointed out by the Committee that the plans of the enemy to create unemployment among the workers of Shanghai and thereby to increase the difficulties of the city and spread unrest and panic had been fully defeated with the timely measures taken for emergency relief at the beginning of the crisis and the gradual organization of relief along permanent lines. The unemployed in Shanghai today, the Committee states, are no longer the isolated, the helpless, and the forsaken as they were under the old order, but are being taken care of and gradually helped not only to re-employment, but also to greater service to the country.

ECONOMIC SURVEY OF THE PHILIPPINES

I. GENERAL BACKGROUND

The economy of the Philippines is primarily agricultural; 80 per cent of its 19 million population is dependent on the production of agricultural crops for a livelihood. Of the total agricultural area under cultivation, comprising 4.8 million acres, almost 95 per cent is devoted to the production of seven principal crops: sugar-cane, coco-nut, abaca, tobacco, rice, corn and fruit. Three crops — rice, corn and fruit — are produced primarily for domestic consumption. Sugar, coco-nuts, abaca and tobacco find their principal markets abroad, either as raw material or in the form of manufactured or semi-manufactured products. In 1939, the four major export crops constituted about 60 per cent of the total value of agricultural products and 70 per cent of the total value of all Philippine exports, including gold and silver. The principal market for each of these crops was the United States.

The processing of agricultural products provided the basis for a considerable degree of industrial activity in the Philippines. The table below indicates the sources of the national income for 1938 and 1946.

The elimination of tariffs in trade between the United States and the Philippines in 1910 led to the gradual concentration in the Philippines on industries based on agricultural export commodities protected in the United States market and tended, indirectly, to discourage the production both of export commodities not similarly protected and of commodities intended for domestic consumption.

Before the outbreak of the Second World War, the sugar industry was the nation's principal industry, and sugar constituted the leading export product, representing a pre-war capital investment estimated at US$275 million. Before the war almost 2 million persons, including workers and their families, were dependent upon the industry. The sugar mills were so badly damaged by the war that production in 1946 amounted to only 10 per cent of the pre-war level. However, as a result of financial assistance extended by the Government, the number of sugar mills in operation increased considerably in 1948 — to an estimated production f 744,000 metric tons, or 78 cent of the pre-war level.

GROSS NATIONAL PRODUCT OF THE PHILIPPINES, 1938 AND 1946

(In millions of Philippine pesos) a

Item	*Value* 1938	*Value* 1946	*Per cent of total* 1938	*Per cent of total* 1946
Agricultural products b	482	1,472	41.4	45.6
Rice	177	850	15.2	26.3
Sugar	112	78	9.6	2.4
Copra	69	125	5.9	3.9
Abaca	27	12	2.3	0.4
Tobacco	23	14	2.0	0.4
Other	74	393	6.4	12.2
Livestock & products	52	202	4.5	6.3
Forest products and building	60	60	5.2	1.9
Fisheries	60	194	5.2	6.0
Mining	72	6	6.2	0.2
Other manufacturing	30	120	2.6	3.6
Other industries and services c	407	1,174	34.9	36.4
Gross national product	1,163	3,228	100.0	100.0

a Pegged to the United States dollar at the rate of two pesos to the dollar, the value of the Philippine peso is US$0.50.

b Includes production, processing and distribution of all agricultural commodities.

c Sum of value added to imported consumers' goods and the following services not elsewhere included: restaurants, hotels, etc., other domestic and personal services, transportation and communications, professions, financial services, etc.

Coco-nuts, the second most important agricultural export before the war, rose to the top of the list of Philippine post-war exports. The total pre-war investments in the industry were estimated at $221 million. About 4 million people depended on the industry for their support in the pre-war period. The value of coco-nuts and coco-nut products exported in 1948 exceeded the 1940 level more than eightfold.

A third industry associated with agriculture, of considerable importance in the Philippines, was the manufacture of cordage from abaca fibre, known as Manila hemp. The abaca industry represented a pre-war investment of approximately $200 million, and two and a half million people were dependent on the industry for their living. The 1948 abaca production of 99,460 metric tons amounted to only 60 per cent of the pre-war output, but loans by the Government to abaca planters were expected to help speed the rehabilitation of the industry.

Tobacco constituted the fourth largest item among the pre-war Philippine agricultural exports, with total investments aggregating $30 million and with about half a million people dependent on the industry before the war.

Mining, another major pre-war industry, reached its full development between 1932 and 1941, when minerals to the total value of about 500 million pesos (US$250 million) were produced; in 1940, over 44,000 employees were engaged in mining. There were 43 gold-mines, four iron, four copper, five chromite and five manganese mines in operation in 1940, and their total production was valued at approximately 92 million pesos. The mining industry suffered most from war destruction; by 1948 there were only eight gold mines and eleven base metal mines in operation; total production amounted to approximately 20 million pesos worth of metals.

Manufacturing industries, which before the war accounted for 2.6 per cent of the national income, employed 11.3 per cent of the gainfully occupied population.

Review of Planning

A systematic programme deliberately aimed at more balanced economic development in the Philippines had its inception in the mid-1930's. In 1935, after the passage of the Independence Act by the Congress of the United States, a programme for economic development was launched almost simultaneously with the establishment of the Commonwealth, in an attempt to prepare the nation for loss of tariff exemptions and consequent difficulty in selling to the United States.

Under the Independence Act as amended in 1939, progressively declining quotas were fixed for certain agricultural products that were admitted duty-free into the United States market during the transition years. A graduated tariff duty was to be imposed beginning in 1941, until the full rate was to have been reached on 4 July 1946.

The effects of this legislation were expected to vary from industry to industry, according to its competitive position. The production costs of many industries were not on a competitive level with similar products produced in other parts of the world, owing in part to the preferential position enjoyed by the Philippines in the United States market and in part to relatively higher standards of living in the Philippines compared with other producing areas. It also became increasingly apparent that certain imported commodities could be manufactured locally from raw materials which were already on hand or which could be produced in the Islands. It therefore seemed necessary for the Government to plan a definite programme to increase the efficiency and reduce the production costs of the export industries and to foster agricultural and other industries which were less dependent on foreign trade.

Between 1935 and 1941, the Philippine Government attempted to accomplish these ends by direct participation in an over-all economic programme. The National Economic Council was established to plan and co-ordinate general economic development policy, to be executed by appropriate national agencies covering all sectors of the economy. Although some progress was made by the National Development Company and other Government corporations established in the pre-war period, numerous serious obstacles impeded efforts towards the achievement of an independent economy. Lack of capital was the most serious difficulty. A further obstacle was the lack of trained personnel needed for the more complex types of industrial enterprise. There was also the lack of control by the Commonwealth over its tariff system.

The war completely disrupted the economic programme of the Commonwealth Government, which, when it was re-established after the liberation of the Philippines in February 1945, faced the pressing need of rehabilitating and reconstructing the economy and of making good war losses estimated at 3,500 million pesos. Because of the necessity of meeting immediate relief needs and planning a welfare programme, the long-range economic development plan was set aside. The United States Congress on 30 April 1946, by the Philippine Rehabilitation Act and the Philippine Trade Act, provided urgently needed financial and technical assistance for recovery. The former authorized a total expenditure by the United States of $620 million for rehabilitation of the Philippines; the latter established absolute quotas for principal Philippine exports to be admitted free of duty for eight years, beginning in 1946; it provided for a **graduated tariff thereafter, from 1955**

to 1972 — beginning in 1955 with 5 per cent of the rate charged on corresponding products entering the United States from other countries, and increasing by 5 per cent each year. Reciprocal rights were established which gave United States and Philippine nationals equal privileges in the exploitation of natural resources and the operation of public utilities.

After the inauguration of the Philippine Republic on 4 July 1946, the Philippine Government, in agreement with the United States Government, formed a joint finance commission to consider the financial and budgetary problems of the Philippines and to make recommendations concerning them. The Philippine Government later instituted financial and monetary reforms in line with these proposals and established the Rehabilitation Finance Corporation and the Central Bank.

The Government sponsored studies to outline programmes for the economic rehabilitation and development of the country; one by the National Development Company proposed a general economic plan of industrialization covering fifteen years, and another by the National Power Corporation outlined a power development programme for a five-year period. These studies, together with the report and recommendations of the Joint Philippine-American Finance Commission, constituted a general pattern for the economic rehabilitation and development of the Philippines. The immediate feasible projects called for in these studies were included in the Philippine Government's five-year programme for the period 1949 to 1953.

Under legislation in effect since 1937, the Government has had authority to enter the economic field in the role of producer, by establishing new enterprises and acquiring already established industries for improvement or preservation. In this capacity, the Government, through such agencies as the National Development Company and the National Power Corporation, was empowered to develop and operate industries which were needed by the country but required larger capital outlay than private corporations could supply or were willing to venture. Before the war, for example, the Government undertook power development and the operation of government-owned cement, canning, textile and shoe factories. In some industries, although there were private enterprises in the field, demand was so great after the war that the Government entered the industry to ensure the availability of vital commodities at reasonable prices. The National Development Company, for instance, entered the lumber industry to provide much needed lumber for building construction in the post-war period; the National Abaca and Other Fibres Corporation planned to operate and maintain abaca plantations in order to increase production and to assist in marketing abaca products more profitably. These were considered temporary ventures; Government ownership was to be transferred to private enterprise as soon as prices were stabilized and the pressure of demand relieved.

In order to encourage new industries, the Philippine Republic, by Congressional Act 35, effective September 1946, exempted "new and necessary" industries from internal revenue taxes for a period of four years. Classification of industries as "new and necessary" was left to the determination of the President and the members of the Cabinet. The investment of United States capital was to be encouraged by means of reciprocal rights, the pegging of the peso to the United States dollar and the protracted period of free trade to be followed by gradually declining preferences. Provision was also made for sending technicians abroad to be trained in modern manufacturing techniques.

Co-ordination by National Economic Council

The National Economic Council was established during the Commonwealth period, late in 1935; its general function was to plan the direction of the national economy and to co-ordinate Government efforts with those of private industry. First among the specific functions of the Council, as enumerated by law, was to advise the Government on economic and financial questions, largely by examining specific proposals for various types of industrial development and making recommendations to the Government in the execution of industrial policy.

The Council as constituted in 1935 was composed of fifteen members, of whom nine were members of the Cabinet or officials in the various economic departments of the Government, and six were non-official representatives of labour, business, agriculture and industry.

Immediately after the war, the task of economic planning and co-ordination was placed in the hands of the members of the Cabinet, who met with the President of the Republic to confer on economic proposals and policies. However, the need for a specialized central agency to integrate the planning, financing and execution of the vast post-war economic activities envisioned by the Government led to the reconstitution of the National Economic Council late in 1947. More extensive powers were given to the Council, which became an important policy-making body. it was the National Economic Council which recommended in the spring of 1949 the adoption by the Government of the five-year programme of rehabilitation and economic development, described below.

II. INDUSTRIAL DEVELOPMENT PROGRAMMES

Development Company

The basis for the Government's five-year programme was an extensive study prepared by the National Development Company with the assistance of a United States firm of consulting engineers. The study, which covered all aspects of the Philippine economy, recommended steps and projects to accelerate and promote the industrialization of the country over a fifteen-year period. "The proposed blueprint of the industrialization of the Philippines", as the report was officially described, was not regarded as an operating programme, but rather as a tentative over-all plan outlining the possibilities and requirements of the Philippine economy.

The majority of the recommendations for projects for industrial development were of a self-liquidating character, in order to avoid strain on depleted Government finances. The report outlined feasible means of developing the natural resources of the country. It discussed the possibilities of developing mining, chemical, metal and fuel resources, and suggested an expanded production of food and farm products and of miscellaneous manufacturing industries, including cottage industries. Some of the proposals were for new projects to be financed by private capital or, failing that, by the Government; others recommended the rehabilitation or expansion of established industries. The proposal constituted a comprehensive detailed study of the economic possibilities of the Philippines and offered recommendations designed to promote recovery and to establish the economy firmly on the basis of the nation's available raw materials and domestic requirements.

The report mentioned the need to acquire plant and equipment in reparations from Japan. The Far Eastern Commission, composed of eleven nations, allocated to the Philippines 5 per cent of the ad interim equipment pool from excess Japanese plant capacity, which was set at 30 per cent of the total capacity. The following industrial plant and equipment were included in advance reparations from the total Japanese reparation equipment pool: aircraft and aircraft engines, navy and army arsenals, laboratories and machine tools, ball and roller bearings, thermal power (steam) plant, shipyards, aluminium fabricating machinery, iron and steel plants, sulphuric acid, caustic soda, chlorine, soda ash plants, aluminium and magnesium reduction plants, and equipment for the production of synthetic oil and rubber.

In its plan for industrialization, the National Development Company sought to fit the allocated capacities of the industries based on Japanese reparations to the requirements of the Philippines. The report emphasized that, without Japanese reparations, the need to purchase equipment from other sources might result in a serious setback to the reconstruction and expansion of the industrial economy because of the heavy capital investment involved. Despite some delay, the Philippine Government expected to obtain the full remainder of its share of the ad interim equipment pool reparations from Japan.

The report recognized that considerable capital would be required in addition to Japanese reparations and suggested that the Government float bonds to help finance some of the proposed projects. Because of the influx of war payments in United States dollars, it was proposed that the Government promote a bond subscription drive for the sale of non-assignable and non-negotiable bonds issued to the

general public, to be purchased from current disbursements of war damage payments. The report recommended a campaign to limit luxury expenditures voluntarily, to a maximum of 50 per cent of war damage payments. It pointed out that the "citizens of the Republic must realize their responsibilities in investing in the economic development of the country".

The National Development Company strongly supported the recommendation of the Joint Philippine - American Finance Commission that the United States entertain requests for industrial loans by the Philippines. It also recommended that the National Economic Council, as the Government's industrial master planning body, draw up a short-range plan based on the proposed industrialization, and prepare estimates of the expenditures required for the establishment of basic industries for which equipment was not obtained by reparations. It suggested that a prospectus then be prepared for the purpose of negotiating an industrial loan from the United States in order to initiate the phase of the programme that was not covered by reparations.

With these funds, the report explained, the Government could assist worthwhile ventures financially or by supplying equipment. It proposed that the Government should assume a minimum holding of 51 per cent, and that private capital should manage and operate the industries and contribute 49 per cent of the capital investment. In instances where the Government invested 100 per cent of the capital requirement, it was proposed that the plants should be sold after the initial period of operation or at a time when private capital evidenced interest in acquiring the enterprises.

The Rehabilitation Finance Corporation was mentioned by the National Development Company as another possible source of capital for industrial undertakings; the Government had already announced that capital loans to industries and individuals for domestic industrial purposes would be underwritten by this corporation. The National Development Company considered that the Government should establish a definite financial policy regarding participation in capital ventures.

The report found that certain projects required the earliest possible consideration and advocated priority ratings for projects according to their importance. High on its recommended list was the development of metal industries, especially iron and steel, as basic to industrialization.

Two steel plants were proposed in the general plan, one in the Manila area and another in Iligan, Lanao. Together, the two plants were expected to produce 50,000 tons of steel annually. The Iligan unit was to produce the bulk of iron and steel and heavy products; the Manila plant was to manufacture steel from scrap in electric furnaces and to produce light steel products.

The report enumerated the following steel products among the most needed: steel rods and bars, corrugated and plain sheets, angles and channels, beams, round wire, wire nails, nuts, bolts and washers and steel pipe. Based on the 1940 import total of 79,715 tons, it was estimated that a total annual production of 139,600 tons for the enumerated eight items would be required.

In addition, the plan proposed the installation in Manila of an iron foundry with 128-ton daily capacity, the establishment of a factory for the manufacture of 5,000 tons of nails annually, the construction of ten sheet-metal plants with a combined annual capacity of 3.4 million square metres of manufactured product and the expansion of plants producing agricultural implements.

It was also proposed to construct a ferro-alloy plant with a capacity of 14,000 tons per year, a copper smelting and refining plant of 8,000 to 15,000 tons annual capacity and two copper wire plants with a combined yearly capacity of 10,000 tons. The development of various subsidiary metal industries was mentioned.

The National Development Company's report contained specific suggestions for the number, kind and capacity of plants required to expand the chemical, the textile and the forest products industries, as well as mining and quarrying.

With regard to agriculture and allied industries, proposals were made to install an experimental plant for the production of rice bran oil, to establish tanneries capable of utilizing locally produced catechu (astringent), to erect eight alcohol distilleries to use surplus molasses for a combined annual production of 9 million litres of alcohol and to build four coco-nut oil processing plants with a capacity of 70 tons per day. Rehabilitation of the tobacco, sugar and fishing industries, with expansion of the latter, was recommended, as well as increased production of livestock. The development of the ramie industry was also suggested.

Recommendations were made in the report for the development of public services, including electricity, transportation facilities, shipping and roads. The promotion of shipbuilding in the islands was urged.

Definite proposals and investigations were not made with regard to synthetic rubber and oil, but it was urged that further special study be undertaken in view of the deficiency of natural oil and rubber in the Philippines.

The report contained only tentative estimates, subject to revision, of the capital required for the projects recommended by the National Development Company.

Five-Year Programme of the Government

Because the resources available for implementing the long-term and short-term projects in the National Development Company's proposed programme were limited, the National Economic Council on 7 March 1949 recommended a five-year programme of rehabilitation and development, covering the period 1949 to 1953, which was subsequently adopted by the Government. The objectives of the programme, as stated by the Council, were as follows:

(a) To adjust the Philippine economy to the decline in United States Government payments after 1951 and the progressive imposition of United States tariffs after 1954, by income-producing and dollar-saving projects, such as food production enterprises, light industries and handicrafts.

(b) To the attain the initial stages in structural adjustments necessary to change the national economy from sole dependence on export crops to an economy better able to withstand severe fluctuations in demand and price for export crops in foreign markets, by increasing the production of rice and other food crops, by diverting productive activity from raw material production to industrial processing and by increasing the investment in urban housing.

(c) To provide for the reconstruction, extension and growth of transportation and communication services in order to enlarge the scope and possibilities of the domestic market and promote greater regional specialization.

In emphasizing the short-term projects which were expected to yield returns on investment and to increase the gross national product within a comparatively short period, the Council was guided by two principal considerations—approaching payment and tariff adjustments from 1951 to 1954 and available financial resources.

The Council considered that long-term industrial projects requiring further study of the technical and economic aspects involved should not be included in the five-year programme. It was suggested, however, that if careful study indicated that certain projects were feasible and specially desirable they should be integrated into a longer-term development programme to follow the short-term phase.

Proposed capital investment: — The Government plan involved a total capital investment of 1,730 million peasos over the five-year period, consisting of 419 million pesos for agricultural projedts and 1,311 million pesos for imdustry, mining, transportation, housing and public works. These totals included both public and private investment requirements.

The investment estimates prepared for the programme did not cover capital requirements for local marketing, distribution and related services. These costs, as well as the cost of necessary technical and vocational training and various social expenditures in connexion with health and education, were left for future consideration.

Under the programme, the Central Bank was to advance 30 million pesos to the Government during 1949 for financing industries in the top priority list, and 35 million pesos to the Rehabilitation Finance Corporation for loans to private persons and firms for the promotion of dollarproducing enterprises. The granting of loans for various projects was made subject to study and approval by the National Economic Council.

Emphasis was placed on close coordination in the financing of projects by loans of the Rehabilitation Finance

Corporation and by direct advances from the Government, in order to avoid duplication and to ensure that the cost estimates of projects and the schedule of needed outlays were proportionate to the funds to be made available through the Central Bank or the flotation of bonds.

Industrial projects:—The sum of 354.2 million pesos for industrial projects was to be allocated as follows: 14.7 million pesos for projects under construction, including knitting mills and plants for the manufacture of plywood, paper, bottles and nails; 58.6 million pesos for projects on which studies were completed, including plants for manufacturing ice, steam, gas, agricultural equipment, textiles, barrels, furniture, lamps, wallboard, windows, paper containers and embroidery; 209.7 million pesos for projects in advanced stages of planning, including plants for manufacturing fertilizers, alcohol, cement, nets and leather, for extracting catechu and pasteurizing milk, as well as hydro-electric plants and miscellaneous handicraft enterprises; and 41.2 million pesos for projects in preliminary stages of planning, including the manufacture or processing of such products as coke, insecticides, wood-pulp, fish meal and shark liver.

VIII. DEVELOPMENT AGENCIES AND ACTIVITIES

National Development Company

The National Development Company was organized on 10 March 1919, pursuant to a special charter granted by the Philippine Legislature under Act 2849, with such general corporate powers "....as may be necessary to enable it to maintain and promote sufficient general production by efficient co-ordination of the production forces of the country, or otherwise; and to secure a stable market for Philippine products". The corporation was also authorized to engage in ".... enterprises which may be necessary or contributory to the economic development of the country or important in the public interest...." In 1936 the Commonwealth effected a reorganization and strengthening of the company in order to make it an effective instrument for implementing the industrialization policy.

The National Development Company as constituted under its original charter, was not considered a public corporation although the Philippine Government was the sole initial stockholder. However, after the establishment of the Commonwealth Government, the charter of the corporation was amended by Commonwealth Act 182, effective on 1 January 1937, which converted the company into a public corporation "to serve as an agency of the Commonwealth of the Philippines in the furtherance of its economic policies". The management of the corporation was vested in a board of directors, consisting of the Secretary of Agriculture and Commerce and the Secretary of Finance, as ex officio directors, and five other members appointed by the President of the Philippines with the consent of the Commission on Appointments of the Philippine Congress.

Capitalization and investments:—The National Development Company was established as a holding company, deriving its income mainly from dividends on investments in the stock of its subsidiaries. Interest earned on bonds of the De La Rama Steamship Lines, and of the Compania Celulosa de Filipinas, Inc., and on advances to subsidiaries was another source of income. The company's profits, returnable to its sole stockholder, the Philippine Government, formed a fund to be used for further enterprises.

The authorized capital sttock of the corporation was 50 million pesos, composed of 500,000 shares of stock with a par value of 100 pesos. The Philippine Government subscribed 51 per cent of the capital stock, and the remainder was to be offered for sale to provincial, municipal and city governments. In 1949, the Philippine Government was the only stockholder. It subscribed and paid for 264,103 shares, amounting to 26.4 million pesos at 100 pesos per share.

In order to carry out the purposes for which it was created, the National Development Company organized several subsidiaries to engage in various commercial and industrial enterprises. The company, in certain cases, entered into fields where private capital was established, in order to increase the supply of critical materials. Although it was not intended that the company should compete with private capital, it entered into such competition in order to bring prices down to "reasonable levels".

The pre-war investments of the National Development Company in its subsidaries were as follows: National Food Products Corporation, 2.5 million pesos; National Rice and Corn Corporation, 4 million pesos; National Warehousing Corporation, 510,000 pesos; National Footwear Corporation, 500,000 pesos; Cebu Portland Cement Company, about 6 million pesos; Insular Sugar Refining Corporation, 3.1 million pesos: and People's Homesite Corporation, 2 million pesos.

The company's investments, which totalled about 33 million pesos in 1941, increased to almost 52 million pesos by the end of 1949.

NATIONAL DEVELOPMENT COMPANY INVESTMENTS, 1941, 1948 AND 1949
(In thousands of Philippine pesos)

Type of investment	*31 October 1949*
Subsidiaries:	
Cebu Portland Cement Company	5,999
Insular Sugar Refining Corporation	2,728
National Food Products Corporation	2,500
National Warehousing Corporation*	510
National Footwear Corporation *	500
National Rice & Corn Corporation	—
People's Homesite Corporation ...	—
Joint ventures with private corporations: †	
Philippine Air Lines, Inc.	5,902
De La Rama Steamship Lines	4,832
Philippine Electrical Company ...	500
Compania Celulosa de Filipinas, Inc.	1,040
Projects:	
Textile mills	1,386
Malangas coal-mines	2,893
Sabani Estate (agricultural station)	677
Can manufacturing	—
Industrial laboratories	—
Mining Department	—
Rice and Corn Production Administration	7,397
Nail factory	2,045
Lumber and sawmill	4,606
Pulp and paper mills	2,523
Steel mills	218
Shipyard and graving docks	515
Ship construction †	4,770
Engineer Island shop	343

* Departments of the National Development Company.

† Authorized capital: Philippine Air Lines, Inc., 10 million pesos; De La Rama Steamship Lines, 10 million pesos; Philippine Electrical Company, 2 million pesos.

† Construction of 3 ocean-going vessels.

Postwar activities and projects:—After the liberation of the Philippines, the National Development Company began to revive its former activities; by the end of 1948 most of its operating units and subsidiaries had resumed their functions.

Expansion of the manufacturing and distributing facilities of the Cebu Portland Cement Company, for example, brought plant capacity to 24,000 bags of cement daily, or twice the 1947 output, and enabled the company to supply local requirements for cement during 1948.

Post-war developments made it possible for two former subsidiaries—the National Rice and Corn Corporation and the People's Homesite Corporation—to repurchase the stock investments held by the National Development Company and to become independent agencies. Two other subsidiaries, the National Footwear Corporation and the National Warehousing Corporation, were reorganized as departments or operating units, within the company. The Agricultural Machinery and Equipment Corporation, a former Government corporation, was also converted into a department of the National Development Company.

Included among the company's postwar activities were projects for the rehabilitation of the Insular Sugar Refining Corporation, the expansion of existing textile mills and the establishment of a lumber finishing plant and of a nail manufacturing plant. In addition, the National Economic Council included the following projects in its approved list for receipt of funds from the Central Bank, under the Government's five-year programme.

Rice, corn and ground-nuts.—The National Development Company proposed a five-year programme for operating two projects of 10,000 hectares each for growing rice and corn. The estimated capital requirements of the rice and corn production projects were 5.1 million pesos, of which 1.6 million pesos was to be apportioned for the first year, 1.4 million pesos for the second year and 2.1 million pesos for the third year.

It was expected that, within three years, one of the projects would no longer need cash advances to meet its operating expenditures. A surplus of 3.2 million pesos was anticipated during the fourth year, and the net profit for the same. The project was expected the fifth year was expected to be about to reimburse all cash advances in full.

The anticipated high return on investment in the project was based on the assumption that approximately 300,000 cavans (one Cavan=44 kilos) of paddy rice, 40,000 cavans of corn and 72,000 piculs (one picul=63¼ kilos) of ground-nuts would be harvested annually from each of the 10,000-hectare projects.

In accordance with the five-year development programme, the title to the land in the projects was to be transferred to settlers and workers, who were expected to continue operating their small shares of the project. In effecting these transfers, the so-called Rice and Corn Production Project was to collect 200 pesos for land improvement from each settler.

The National Development Company planned the use of modern farm machinery on the projects and anticipated that, after the first five years, three or four similar projects could be undertaken without further loans.

Pulp and paper mill.—The National Development Company proposed to produce pulp, kraft paper, news-print, bags, and other paper products from local materials. These products were expected to supply paper bags for the cement, lime, refined sugar and dessicated coco-nut industries, to produce kraft paper for the local paper and paper products industry, to supply needed news-print and to aid the hemp and lumber industries by utilizing their waste products.

The National Development Company acquired the Osborne Paper Mill, with a daily capacity of 20 to 25 tons of kraft paper, and proposed to make it the principal operating unit of the project. The mill was scheduled to use imported pulp in manufacturing paper and was also expected to be supplied by two proposed ten-ton pulp mills, one to be located in Albay and the other in Davao. The National Development Company also proposed a factory to produce paper bags.

Total capital expenses for the Albay Pulp Mill were estimated at 1.1 million pesos, and the purchase and installation of machinery for the manufacture of paper bags, at 400,000 pesos; an appropriation of 1.2 million pesos was set aside for other capital expenses.

Shipbuilding yard and graving-dock.—The National Development Company also proposed the construction of a shipbuilding yard and graving-dock, with capacity for dry-docking vessels up to 10,000 gross tons. The Mariveles-Sisiman harbour at Bataan was suggested as a possible site. It was proposed to build ferries, tugboats, barges, inter-island cargo and passenger vessels and boats for fishing and carrying ores. Heavy industrial machinery for sugar mills, railways, mines, paper mills and other industrial plants was also to be constructed.

The sources of material for this project were expected to include reparation items from Japan to the value of 2.92 million pesos and materials worth about 3.6 million pesos from a shipyard in the United States. Of the reparations due from Japan, the National Development Company received 2 million pesos worth of machine tools and machinery for the operation of the shipyard.

Pending completion of the final detailed plans, capital investments for this project were estimated at 16 million pesos, of which the initial investment was to be about 8 million pesos.

National Abaca and National Coco-Nut Corporations

In connexion with the five-year Government programme, funds were also ear-marked for various projects proposed by Government corporations other than the National Development Company. Studies and plans were completed for the following hemp and coco-nut projects.

Hemp:—The aim of the programme of the National Abaca and Other Fibres Corporation was to restore abaca, or hemp, production to its pre-war level of 1.2 million bales yearly. The programme called for an appropriation of 30 million pesos with which to develop and rehabilitate 100,000 hectares of abaca land. It was proposed to develop 10,000 hectares of new abaca plantations in Davao and to restore to cultivation 20,000 hectares of former Japanese plantation in Davao and 70,000 hectares of private abaca plantations in regions outside Davao.

Four or five years after completion of the programme, the estimated yearly production of abaca was expected to regain the pre-war level of output. It was anticipated that the resumption of pre-war production would re-establish Philippine abaca in the world market and, by yielding an income of 120 million pesos annually, would help offset the unfavourable balance of trade.

The National Abaca and Other Fibres Corporation also proposed that loans to be granted by the Government to abaca planters, especially those for opening new fields, should be channelled through the corporation, in order to ensure close supervision and repayment of loans.

Coco-nut by-products:—The National Coco-Nut Corporation prepared a detailed plan for the development of the coco-nut industry. The chief objective of the plan was to utilize the by-products of the industry and thereby lessen the country's dependence on the sale of copra. The corporation recommended:

(a) Installation and immediate operation of a complete coco-nut oil mill in Mindoro. It was estimated that 200,000 pesos would be needed to complete the construction of buildings and an additional 100,000 pesos would be required for the installation of oil machinery.

(b) Rehabilitation and operation of the Alaminos industrial plant for the production of coco-nut fibre, coco-honey, matting and, when equipment should become available, edible oils. The cost was estimated at 100,000 pesos.

In addition to the industrialization programme, which was considered of prime importance, the National Coco-Nut Corporation planned the immediate resumption of copra trading in its purchasing agencies, located in the provinces of Quezon, Bicol Mindoro, North Mindanao and Davao. It was estimated that an operating capital of 2 million pesos would be sufficient to support the firm's operations from February to the end of June 1949.

In addition, the corporation prepared a five-year plan entailing a total capital outlay of 5 million pesos for the operation of ten purchasing agencies to handle a total of 125,000 tons of copra year. Operation of these agencies was expected to yield a profit of 1.25 million pesos a year, to be used for financing the operations of the National Coco-Nut Corporation in improving the quality of products, securing new markets and developing the coco-nut industry generally.

It was also planned to establish a factory for the manufacture of wall-board from coco-nut husk — insulating material needed for building projects throughout the country. This undertaking would require an outlay of 1.5 million pesos.

National Power Corporation

A power and fuel survey of the Philippines in 1937 estimated the total capacity of prime movers for public utilities and industry at 250,000 kilowatts. The 207 central plants furnishing power to the general public had a total capacity of 70,902 kilowatts, of which 29,530 kilowatts were generated in steam stations, 21,268 kilowatts in Diesel plants and 20,104 kilowatts in hydro-electric stations. These plants delivered electricity to fewer than 350 of the 1,175 cities and municipalities of the Philippines anl supplied about 1.3 million, out of a population which then totalled 14.5 million.

The National Power Corporation, organized in 1937 to develop the country's power resources, undertook as its first project the construction of the Caliraya River plant on the island of Luzon. Shortly after liberation, the plant, which had been badly damaged during the war, was repaired and placed in operation by the corporation. This project, the largest hydro-electric plant in the Philippines, had an initial capacity of 22,000 klowatts in three units and was expected to have a capacity of 36,000 kilowatts upon installation of the four unit.

In order to ensure full co-operation among all segments of the industry, the corporation adopted a threefold policy: (a) to undertake, as its primary objective, the development of the nation's water power resources in order to increase the country's power supply while reducing the importation of fuel; (b) so far as possible, to sell power wholesale to franchise holders for distribution to the ultimate consumer and not to compete in the retail power market in areas covered by existing electric utility franchises; and (c) to encourage municipal governments to distribute power and to encoulage co-operatives or other private utilities to secure franchises in areas without operating utilities. Thus the corporation was to refrain from local power distribution as far as possible. However, rates charged to the general public by distributing concerns were subject to the supervision and control of the Public Service Commission.

In 1947, after almost ten years of forced inactivity — utilized, however, for the preparation of studies and plans for electric power development — a five-year power programme was approved by the Philippine Government. This programme called for installation within the following five years of three hydro-electric power stations, river diversion to increase water storage for an existing station and erection of a chemical fertilizer plant. The selection of projects for this initial phase was based on the prospect of their becoming self-liquidating and the feasibility of their estimated construction costs.

The most important undertaking in the five-year programme was the Ambuklao project on Luzon, which was to include two storage reservoirs, several dams and two hydro-electric plants to be erected on the upper courses of the Agno River—one near the headwater at Ambuklao, with a capacity of 72,000 kilowatts, and the other down-tream at Itogon, with 86,000 kilowatt capacity —together with transmission lines and substations to serve the power needs of the Baguio and Manila areas.

Construction was begun on a second Luzon project, which consisted of a dam on the Lumot River for diversion of water into the Caliraya reservoir to increase the power output of the Caliraya power plant, mentioned above, by 50 million kilowatt-hours per year.

The third proposed project was planned for the island of Mindanao, in the Agus River and Lake Lanao basin, the cheapest potential source of large blocks of power in the Philippines. Initial development in the basin involved a plant at Maria Cristina Falls, with a planned capacity of 80,000 kilowatts. The chief purpose of this installation was to provide power for a chemical fertilizer plant to supply low-cost fertilizer needed for increased agricultural production. The proposed plant, a first step in the industrial development of Mindanao, was expected to produce 126,000 metric tons of ammonium sulphate annually. Further developments on the 24-mile Agus River were expected to yield more than 700,000 kilowatts of cheap hydro-electric power eventually and to make Mindanao a future centre of heavy industry.

In 1948 the National Power Corporation adopted an additional programme to develop eight minor hydro-electric sites in different parts of the country. The total capacity of the eight projects was estimated at 8,000 kilowatts, and the cost at 10 million pesos, to be financed largely from the income of the corporation. Although they represented only a small addition to total power capacity, they were expected to pave the way for the growth of small industries in the sections where the projects were located.

Completion of the five-year power programme was expected, not only to increase greatly the available supply of cheap electricity for larger numbers but also to provide opportunities for industrialization and the mechanization of agriculture in the Philippines.

National Rice and Corn Corporation

Although rice is the principal crop of the Philippines, the country has not produced enough rice to meet the food requirements of the population. The National Rice and Corn Corporation was established in 1936 to attempt to provide a solution to serious problems of price stabilization and systematic distribution of this major crop.

Functions:— The corporation's main responsibility was stabilization of the price of rice and corn throughout the year—at a price attractive to producers and within the purchasing power of consumers. The corporation was expected to import rice and corn wherever necessary to ensure a sufficient supply of these staple foods of the Philippine population. Since the corporation had limited funds, it was constrained to carry out its responsibilities without loss of capital.

The National Rice and Corn corporation was empowered to buy, sell, import and export rice, and their by-products, in order to achieve its objectives. It was also authorized to import rice free of duty and to act as a relief organization whenever warranted by the general economic situation of the country. When directed by the President of the Philippines, the corporation was authorized to inventory existing stocks of these commodities in the possession of private individuals and merchants. The corporation was also empowered by law to operate bonded warehouses for the storage of privately owned cereals.

The authorized capital stock of the National Rice and Corn Corporation was 4 million pesos, in shares of 100 pesos each. The National Development Company was the sole stockholder until 1948, when the corporation became an independent agency. During the pre-war period the corporation operated within its own funds, but during the post-war rice crisis the corporation financed its greatly increased imports and local purchases by means of loans from the Philippine National Bank, a government-owned institution.

Price stabilization:—The prices of rice and corn were stabilized by the National Rice and Corn Corporation, which established guaranteed prices to the producer for raw cereals and selling prices for milled products, to bring them within reach of the consumer. In this way, producers—particularly small producers—were protected from speculative price fluctuations, especially early in the harvest, when they usually found it necessary to market crops quickly; other buyers had to meet the guaranteed price offered by the corporation.

In abundant harvests, the National Rice and Corn Corporation bought large quantities of raw cereals to take advantage of low prices and deposited them, often for long periods, until prices rose, and the law required it to mill and sell in the market. When commodities were scarce and prices high, the corporation bought very little, and if prices of milled cereal exceeded the fixed price, the corporation milled cereals in stock and offered them in the market until a more satisfactory price level was established. If the corporation's supplies were insufficient, it imported cereals in quantities needed, not only to cover requirements, but to bring prices down to predetermined levels. It was therefore necessary for the corporation to stock sufficient quantities of the two cereals to discourage speculation. The differential between the guaranteed price to producers and the fixed selling price in the market allowed merchants a reasonable profit, while ample stocks forced them to operate within the differential. The law also provided that the corporation should devise means of distribution in order to reach consumers through the fewest possible number of middlemen.

During the years 1935 to 1939, local production of rice fell below requirements by an average of 57,000 short tons per year. The corporation imported sufficient quantities of rice each year (to a maximum of 110,000 tons) to stabilize the price.

Because of acute shortages and the black market in rice at the end of the war, the Government designated the corporation as the sole importer of rice and corn into the Philippines. The rice crop of the 1945/46 season fell short of estimated needs by about 600,000 tons, and the deficit was met in part by 221,211 tons of rice imported by the corporation and in part by the use of substitutes, such as corn and tubers.

Other activities: — The corporation undertook research in processing and increasing the use of rice and corn, in order to raise the income of producers and to provide for the eventuality of surplus production. It completed research in the extraction and refining of rice oil for table use and the manufacture of building boards from rice husks and rice straw. It also studied the feasibility of a starch factory to utilize surplus corn production in north-eastern Luzon.

In addition, the corporation inaugurated modern practices in storing cereal by erecting well ventilated warehouses, by using grain driers, and by fumigation and effective rat control.

Immediately after the war, the corporation sent emergency relief to various parts of the Philippines, to prevent famine in the provinces. In order to cope with the rice shortage, the corporation also enforced a plan of rationing, through consumer co-operative associations which were the media for rice distribution to consumers. In 1948, because production appeared sufficient for domestic requirements, the corporation used a system of allocation to wholesale distributors in place of rationing.

National Tobacco Corporation

The general objectives of the three agencies which were established before the war to further the Government's plans for export crops of tobacco, abaca and coco-nut were similar, though their operations differed somewhat because of variations in the industries. The following brief account describes the functions and activities of the National Tobacco Corporation, which were generally similar to those of the National Abaca and Other Fibres Corporation and the National Coco-Nut Corporation, whose post-war plans were summarized above.

Functions: — The National Tobacco Corporation was created in 1940 by Commonwealth Act 519 for the following purposes: To foster the effective merchandising of leaf tobacco in domestic and foreign markets in order to promote the economic security of tobacco farmers and labourers; To establish and maintain a satisfactory balance between production and consumption of leaf tobacco and promote better marketing conditions, in order to ensure the payment of living wages to tobacco farmers and labourers; To improve the economic condition and the living standards of tobacco farmers and labourers and to raise existing low wages in the industry gradually; and To improve the quality of the various types and varieties of leaf tobacco grown in the Philippines.

In order to accomplish these objectives, the National Tobacco Corporation was given authority: (a) to sell, buy, import, exchange, handle and deal in leaf tobacco and its manufactures; (b) to own, lease and operate all means of land, water and air transportation, as well as warehouses, machinery and equipment for the storage, handling, use and sale of tobacco and its manufactures (c) to provide credit facilities to tobacco planters directly or through credit co-operative associations or other financial institutions; (d) to promote, foster and encourage the organization of co-operative associations among tobacco producers and dealers and, if conditions warrant, to manage such associations; (e) to supply or help to supply necessary capital to co-operatives organized under existing laws and regulations; and (f) to act as agent, broker or commission merchant and to organize producers' co-operative associations.

Capitalization and activities: — The National Assembly authorized a capitalization of 10 million pesos to be derived from the coco-nut excise tax fund of which 2.1 million pesos was made immediately available to the corporation to finance its operations. In 1948, at the corporation's request, the Government appropriated the sum of 3 million pesos as additional capital.

Warehousing facilities in the Cagayan Valley were restored by the corporation for the benefit of tobacco growers and dealers, and several pieces of land in the provinces of Cagayan and Isabela, together with 21 warehouses and accessories and improvements, were purchased for a total of 175,000 pesos.

The corporation purchased 14,594 quintals of leaf tobacco, (one quintal= 46 kilogrs.) at a total cost of 189,347 pesos, direct from farmers — at higher prices than they would otherwise have received. It gave needed financial aid in the form of loans to tobacco producers.

By minimizing illicit trafficking in leaf tobacco and curbing the illegal manufacture of cigars and cigarettes, the corporation indirectly aided the collection of taxes.

The tobacso trade in both domestic and foreign markets was promoted by means of effective systematic surveys and publicity.

The corporation also organized producers' co-operative associations to improve economic conditions and living standards by co-operative efforts among planters.

With the additional capital of 3 million pesos, referred to above, the corporation planned to undertake a comprehensive programme to modernize and mechanize tobacco cultivation in order to increase production; to improve tobacco seed and the quality of various types of leaf tobacco; to increase the production of cigar-filler tobacco during a period of three to five years, because of shortages of this type; to increase production of cigar-wrapper and yellow leaf tobacco in order to attain self-sufficiency; to develop methods of blending and flavouring aromatic cigarettes and foreign-style tobacco; and to encourage the manufacture of aromatic cigarettes.

In order to stabilize prices, the corporation also planned to regulate the production of leaf tobacco by assigning quotas for the various tobacco regions.

Financial Institutions

Two of the financial institutions owned by the Government were directly concerned with the execution of its economic programme — the Central Bank of the Philippines and the Rehabilitation Finance Corporation. An additional bank, the Philippine National Bank, an important source of the nation's commercial credit, financed private rather than public enterprises.

To ensure effective contribution by its financial institutions to the successful rehabilitation and development of the country's economy, the Philippine Government, in agreement with the Government of the United States, early in 1947 undertook a survey of budgetary and financial problems through the Joint Philippine-American Finance Commission, mentioned above. The findings of this commission resulted in specific proposals for an integrated financial programme, which the Government undertook to follow, with slight variations to fit changing conditions. As a result, the Government instituted reforms in tax and banking policies — it liberalized loans and strengthened and expanded saving facilities of financial institutions; established an import quota system in order to control foreign exchange and to cut down imports of non-essentials; and in 1949 established the Central Bank of the Philippines, to act as a monetary and banking authority in order to aid the Government in carrying out its five-year economic programme.

Central Bank of the Philippines:— Republic Act 265, which created the Central Bank and vested it with wide powers, defined its objectives as follows:

(a) To maintain monetary stability in the Philippines;

(b) To preserve the international value of the peso and the convertibility of the peso into other freely convertible currencies; and

(c) To promote a rising level of production, employment and real income.

To accomplish the latter objective, the Central Bank planned to advance funds to the Government for financing the programme of economic rehabilitation and development. The Central Bank Act provided that until 30 June 1951 the Bank might make direct advances to the Government in an amount not exceeding 200 million pesos, which might be utilized only for productive and income-producing projects specifically authorized by law, or for the repayment or servicing of the external obligations of the Government.

In an effort to promote the expansion of the national economy, the Central Bank approved an inital advance of 115 million pesos for 1949; of this amount, 50 million pesos was to be used to amortize the budgetary loan

of 60 million which the Government secured from the United States Reconstruction Finance Corporation and 65 million pesos was to finance the rehabilitation and development programme of the Government, as recommended by the National Economic Council. The allocation of 65 million pesos was expected to meet the 1949 capital requirements of various Government enterprises and private entrepreneurs whose resources did not permit substantial additions to plant and equipment. It was planned to allocate 35 million pesos of this amount for advances to the Rehabilitation Finance Corporation, and 30 million pesos for loans to private enterprises and to Government instrumentalities that could not borrow from the Rehabilitation Finance Corporation.

Rehibilitation Finance Corporation:—As a result of the major need for credit to finance commercial and foreign exchange transactions, the Government established the Philippine National Bank, a commercial bank exclusively, to help small producers market their products abroad. The Philippine National Bank was the only bank which provided banking facilities outside Manila and some of the larger cities.

In 1939 the Commonwealth Government organized the Agricultural and Industrial Bank to meet the pressing need of longer term mortgage credit for agricultural and industrial development.

In the post-war period, the rehabilitation and development needs of industry and agriculture created an even greater demand for credit, largely for long-term capital financing—beyond the scope of commercial banking. To handle this demand, the Government, in October 1946, organized the Rehabilitation Finance Corporation, which was officially opened for business on 2 January 1947.

The authorized capital of the Rehabilitation Finance Corporation of 300 million pesos was to be obtained by selling about 200 million pesos of United States surplus property given to the Philippine Government; withdrawing up to 100 million pesos from the Treasury Certificate Fund, which represented excesses in reserves because of currency lost or destroyed during the war; and absorbing about 20 million pesos of the assets of two existing Government corporations, the Agricultural and Industrial Bank and the Financial Rehabilitation Board.

The Rehabilitation Finance Corporation was empowered under its charter to borrow funds by means of bond issues. The corporation planned to stimulate investment by persons with limited funds as well as by wealthy individuals and financial institutions. It was particularly interested in promoting active participation on the part of large numbers of small investors for whom bonds of the Rehabilitation Finance Corporation afforded an investment that was both secure and liquid. The bonds were similar to bank deposits in that they were redeemable on demand, at the option of the holder, sixty days after issue. Their yield was higher than the interest on bank deposits, and they were backed by the assets of the corporation and the guarantee of the Philippine Government.

The Rehabilitation Finance Corporation extended financial help in the form of long-term loans for the purposes of construction or reconstruction of residential and commercial buildings, reconstruction of pre-war essential industries, purchase of draught animals and agricultural implements and equipment to replace those lost or destroyed, rehabilitation of provincial or municipal income-producing and self-liquidating projects and provision of housing for the homeless. To help the progressive expansion of the national economy, the corporation also extended loans for the purpose of establishing new essential industries; developing uncultivated agricultural lands; expanding old industrial plants, such as cement and oil factories; and producing goods that were usually imported, such as plastics, construction materials and other essential commodities. The loans were for long terms, adjusted to the nature of the undertaking and the income of the borrower. Interest rates differed for various types of loan.

Loans were also to be granted by the corporation for construction of labourers' houses, warehouses, drainage syhtems, irrigation canals and paddies; clearing and planting of lands; and purchase of tractors, draught animals, irrigation pumps and other implements and equipment. These loans were for a period of five or ten years, with an interest rate of 4 per annum, and were to be amortized by annual instalments. The corporation gave preference to small farmers and restricted its loans for capital expenditures to farms. Crop loans and short-term loans for financing cultivation were not granted because commercial banks made such loans.

IV AGRARIAN MEASURES

More than half the land in the Philippines is considered arable, but only 13.3 per cent of the total area was actually under crop in 1939. About half the total of 1.6 million farms were tilled by their owners, and an additional 15.6 per cent were partly owned by the farmers. Tenants tilled about one-third of the farms and about one-third of the land under cultivation.

Nearly three-fourths of all farms in the Philippines are small, with fewer than three hectares of land under cultivation; these farms accounted for about 38 per cent of the total cultivated area. Approximately one-fourth of the farms consisted of from three to ten hectares; these comprised 36 per cent of the total cultivated area. Only 4 per cent of all farms were ten or more hectares, but these accounted for more than 25 per cent of the area under cultivation.

Government attempts to solve agrarian problems have taken three forms: legislative measures to regulate the relationship between tenant and landlord; Government purchase of landed estates for resale to tenants; and government-sponsored agricultural colonization on public land.

Rice Share Tenancy Act

In February 1933 the Philippine Legislature passed Act 4054, "to promote the well-being of tenants in the agricultural lands devoted to the production of rice and to regulate the relations between them and landlords of the said lands and for other purposes". The law was to become effective only in provinces where the majority of the municipal councils petitioned the Governor-General; he was then empowered to make the law effective by proclamation.

Many municipalities did not submit the necessary petitions, and the act was amended by Commonwealth Act 178, which made the earlier act effective upon proclamation. The act was then proclaimed effective in the twelve provinces with the greatest number of large estates. Since the act could not prevent disputes between tenant and landlord, and landlords were reported to have threatened the dismissal of tenants who demanded its observance, the National Assembly passed Commonwealth Act 461, which provided for compulsory arbitration of all disputes by a representative of the Department of jude; it; gave the landlord and the tenant the opportunity of appealing to the Court of Industrial Relations in case either objected to a decision of the Department of Justice.

In the main, the Rice Share Tenancy Act, as amended, provided that contracts between landlord and tenants were to be written in the local dialect and to remain in effect for one year, unless there was an agreement to the contrary. It also provided that the costs of transplanting, harvesting, irrigating and fertilizing were to be borne equally by the landlord and the tenants, and the crop was to be divided equally. The act limited the interest on advances obtained by tenants to 10 per cent and allowed tenants 15 per cent of the crop, regardless of the extent of their indebtedness. It also contained provisions to restrain landlords from dismissing tenants, and tenants from leaving landlords, before the expiration of contract.

After the inauguration of the Republic, the Philippine Congress amended the Rice Share Tenancy Act provision for equal division of the crop, to provide for a 70-30 share in favour of the tenant, after deduction of costs.

Purchase of Landed Estates

In July 1936, the National Assembly authorized the Government to negotiate for the acquisition of portions of large estates which were occupied as home sites by tenants, and to initiate expropriation proceedings where necessary. The Landed Estates Survey Committee was created in October 1937 to plan a long-range policy programme for landed estates. Late in 1938, the Commonwealth Government organized the Rural Progress Administration and entrusted it with he execution of Government

policy regarding landed estates. In 1941, the Rural Progress Administration controlled the home-site sections of eight large estates. The home sites were acquired by the Government to provide tenants with home lots from which they could not be dispossessed when dismissed as tenant farmers.

The Republic extended the work of the Rural Progress Administration by committing the Rehabilitation Finance Corporation to a loan of 500,000 pesos for the purchase of eight additional landed estates, with a total area of more than 43 milllion square metres, for re-sale to tenants.

National Land Settlement Administration

Prior to the establishment of the Philippine Commonwealth, various government-sponsored agricultural colonies were founded by the Philippine Government: six in the province of Cotabato, one in Lanao, one in Bohol and one in the Cagayan Valley of Luzon. These failed in their purpose of encouraging migration; surveys in 1928 showed that the six colonies in Cotabato had only 8,000 colonists, including dependants who owed the Government approximately 372,000 pesos. Lack of funds and means of obtaining funds discouraged would-be settlers. Hasty selection of sites, poor transportation and inadequate governmental administration and supervision were advanced as the causes for the failure of the colonies to attract a large number of settlers. During the years 1918 to 1939, inclusive, it was estimated that a total of 9,172 families of 2,123 persons, had migrated to the colonies.

In its effort to further land settlement, the Commonwealth of the Philippines created the National Land Settlement Administration by passage of Commonwealth Act 441 in June 1939. Passage of the act followed intensive study of a number of plans which were prepared with the assistance of both Philippine and outside advisers; to avoid the mistakes of previous attempts at colonization, numerous surveys for land settlement projects, including extensive road-building and public land surveys, were made by specialists prior to the establishment of the agency.

Although governmental administration and supervision of land settlement ceased during the war, the National Land Settlement Administration was re-established by the passage of Commonwealth Act 711 soon after the liberation of the Philippines.

Functions:— The functions of the National Land Settlement Administration, managed by a board of five members, were defined as follow:

(a) To facilitate the acquisition, settlement and cultivation of lands, whether acquired from the Government or from private owners;

(b) To assist small farmers, tenants and trainees in the acquisition of farms;

(c) To encourage migration to sparsely populated regions and to facilitate the intermingling of people from different sections of the Philippines; and

(d) To develop new cash crops to replace export crops which were scheduled to lose their preferential status in the United States market.

In order to attain these objectives, the agency was empowered to hold public agricultural land for twenty-five years; to recommend to the Government reserves of public land suitable for agricultural colonization; to survey and clear land and distribute it to settlers; to build and operate irrigation systems; to establish trading stores and credit agencies for settlers, who would be charged a rate of interest not to exceed 6 per cent per annum; and to engage in manufacturing, milling, lumbering and other activities considered necessary for successful colonization.

Capitalization and organization:—The authorized capital of the National Land Settlement Administration was fixed at 20 million pesos, to be financed by a maximum annual appropriation of 5 million pesos from the coco-nut oil excise tax fund. The initial paid-in capital was 5 million pesos. At the outbreak of war, the agency had expended 49 million pesos, largely for advances to settlers and outlays for machinery, buildings, wells, irrigation systems and health protection. The income from the Koronadal and the Mallig projects, described below, consisted mainly of interest payments by settlers, and receipts from the sale of cash crops and from various projects of the administration farms. An additional 5 million pesos was appropriated for the agency after its re-establishment; approximately 3 million pesos of this sum was spent by 30 June 1947.

A central settlement office was established in Quezon City, and offices were also maintained in the administrative centre of each colony. The agricultural colony of Koronadal was divided into settlement districts. Each district, under an overseer and a staff of assistants, had an administrative and economic centre around which the villages were located.

Provision was made for the establishment of trading stores or cooperative to supply settlers with basic necessities at cost, on either a cash or a credit basis. In order to help settlers market their products at the best possible prices, the agency established a central marketing organization.

The act established detailed requirements for admission to the colonies: the settlers must be adult Philippine or United States citizens, preferably not over forty years of age; married, with children; healthy, in order to withstand the hardships of pioneering; with some agricultural experience; of good character and reputation; and qualified to apply for public land under the Public Land Act.

The contract signed by the settler defined the relationship between the settler and the National Land Settlement Administration and stated the obligations of the settler. These included the obligation to plant and cultivate the land assigned to him, in crops prescribed by the agency; to engage in agriculture, exclusively, unless the agency approved another trade or occupation; to retain the land for ten years or to transfer it only by bequest during that period; to reimburse the agency, within twenty years, at 4 per cent interest, for transportation, building materials, food and clothing; and to deposit all surplus products in the agency's warehouses for sale through the agency. Payments were scheduled to begin after the third year, and were not to exceed 30 per cent of the proceeds of sales made through the agency.

The National Land Settlement Administration was obligated under the contract to advance the cost of transporting the settler and his dependants; to assign each settler a parcel of twelve hectares of agricultural land; to supply him with building materials on a credit basis and with food until he became self-sufficient; and to make available for his use machinery such as tractors and ploughs, as well as planting materials, fertilizers, livestock and agricultural implements. The agency contracted to sell, on behalf of the settler, products deposited by him in its warehouses and to give him full title to the land after all obligations were paid.

Koronadal Valley project:—The National Land Settlement Administration chose the Koronadal Valley of 97,000 hectares in south-eastern Cotabato as the site for its first large-scale colonization project in 1939. Other settlements followed: the Ala Valley settlement adjacent to the Koronadal Valley in the province of Cotabato, consisting of 110,000 hectares; the Mallig Plains development in the province of Isabela, of 64,597 hectares; a project in the Compostela-Monkayo region in the province of Davao, consisting of 73,300 hectares; and the Negros Plains project in the province of Negros Occidental, comprising 162,400 hectares. Of these areas reserved for settlement and development purposes, the Koronadal and Ala valleys in Mindanao, and the Mallig Plains project in Luzon, were in process of development before the war and had been opened to settlement. The Compostela-Monkayo project was about to be opened when war intervened. The Negros Plains project was announced by executive order after the liberation but was not opened owing to lack of funds.

Koronadal, the site of the most advanced settlement project, was divided into four settlement districts: Lagao, Polomolok, Tupi and Marbel. The main subsistence crops of these districts were rice, corn, sweet potatoes and cassava. In addition, the agency's agricultural experts prescribed the planting, wherever possible, of such cash crops as cotton, onions, soy beans, ground-nuts, rubber, coffee, cacao, cow-peas and black pepper.

Each settlement had a first-aid station. Each of the four settlement districts of the Koronadal Valley project had a small hospital under the supervision of a doctor and two nurses, and every town of the project had churches and schools. Residents in 1948 totalled 17,493.

ECONOMIC REVIEW OF INDONESIA

The emergence of the Republic of Indonesia as a sovereign and independent nation at the end of 1949 after 4 years of intermittent hostilities between Netherlands and Indonesian forces held promise that economic rehabilitation might proceed more rapidly during 1950 than in preceding years. Immediate political stability was not expected and could not be realized. The Government was confronted with the serious problems of endeavoring to assert its authority over dissatisfied political minorities, of establishing and administering a federal government, and of proceeding with appropriate measures to counteract inflation, revitalize the transportation system, increase production for export and domestic consumption, and prepare an economic climate attractive to private investment.

The stated economic policies of the new Government envisage an improvement in the living standards, social justice for workers, equal treatment of foreign investors and businessmen with Indonesians, increased production, and the establishment of new industries to supply consumer needs. The need for foreign loans and grants both for rehabilitation and for foodstuffs, textiles, and other consumer goods is pressing. Imports moving through the economy as a result of approximately US$40,000,000 financial aid by the Economic Cooperation Administration (ECA) will be of substantial help in meeting consumption requirements during the first 6 months of 1950.

The economic welfare of the nation, over and above indigenous village production, is based largely upon the country's export earnings. Export income in 1949 was insufficient to finance adequate imports of essential consumption goods (predominantly foodstuffs and textiles) and capital goods needed in reconstruction.

The country's inability to produce larger export returns was due, in large measure, to (1) the destruction and dislocation of a considerable part of the nation's production apparatus during the Japanese occupation and postwar hostilities between the Netherlands and Indonesian forces; (2) a reduced scale of production of many export commodities owing to disturbed conditions and to lack of incentive for native agricultural producers on account of the shortage and high prices of consumer goods; and (3) reduced foreign demand for a number of Indonesian products (such as rubber and cinchona) as a result of substitutes and new trade channels developed during World War II.

The inadequate volume of consumption goods imported in 1949, because of insufficient foreign exchange earnings, raised further the already inflationary level of prices and production costs. At the same time, the paucity and high prices of consumer goods discouraged native production of a large range of agricultural export commodities, a circumstance which, in turn, still further reduced export income.

Continued deficit financing by the Government, chiefly through credits from the Java Bank and through the issue of currency, gave significant impetus to prevailing inflationary trends. With an increase in 1949 of roughly 300,000,000 guilders in the amount of currency in circulation, the value of the guilder in terms of purchasing power as reflected by black-market quotations declined about 50 percent during the year. Toward the end of 1948 an American dollar brought 11 to 13 guilders on the black market but by the close of 1949 it brought from 25 to 30.

Despite the somewhat beneficial effect on exports of the guilder's devaluation by 30.5 percent on September 20, 1949, the fundamental and great disequilibrium in Indonesia's price, cost, and foreign exchange structure increased during the year under review and artificial means of stimulating agricultural production and exports became even more necessary.

Direct comparisons of statistics of production and export for 1948 and 1949 are not valid, however, since those for 1948 have reference mainly to the Federal areas which were under the control of the Dutch. For example, 60 percent of Java was within the Federal area during 1948. Production and export figures for 1949 are more nearly comparable with those of prewar years and, in general, are considered to cover both Federal and Republican territory.

AGRICULTURE

Agricultural production, the base of the country's economy, is devoted mainly to the growth of such essential foodstuffs as rice, sweet potatoes, cassava, corn, peanuts, and soybeans, and to the cultivation of various crops, notably rubber, coffee, sugar, pepper, tea, copra, tobacco, cinchona, kapok, and hard fibers, mainly for export. In recent years the foodstuffs produced in Indonesia have virtually all been consumed domestically and there have been, in addition, substantial food imports, especially of rice. Under the abnormal conditions prevailing since the end of the war, the greatly reduced output of such export crops as coffee and sugar, for example, has been largely consumed within the country.

Export Crops

Rubber.—Estate rubber production in 1949 amounted to 169,892 metric tons, compared with 103,322 metric tons in 1948. Output in the latter part of 1949 was approaching a monthly figure of 15,000 metric tons.

Exports of estate and native rubber were also at a considerably higher level in 1949, during which they totaled 405,696 metric tons, compared with 279,788 metric tons in 1948.

The United States and the Netherlands took the bulk of 1949 rubber exports, although substantial amounts of native rubber also went to Singapore. An important factor in directing exports to the United States was the institution in March 1949 of a new rubber export program which required that at least 50 percent of estate rubber exports be sold direct to American dollar buyers. This changed the previous practice of sending much of the country's rubber to the Netherlands for transhipment and consequent acquisition by the Netherlands, rather than by Indonesia, of the dollar exchange. However, after the guilder's devaluation on September 20, 1949, this requirement of direct sales to dollar buyers was rescinded.

Copra.—Purchases by the Copra Fund increased from 334,527 metric tons in 1948 to 427,000 tons in 1949. Collections from East Indonesia totaled 335,946 tons; from West Borneo 62,450 tons; from Java, 22,248 tons; and from Sumatra and Southeast Borneo, 6,023 tons. Of this amount 127,000 tons were delivered to factories producing oil for domestic consumption and 309,000 tons were exported, chiefly to countries in West Europe. The Netherlands received about 60 percent of the total. The United States imported 13,310 tons prior to the reimposition of a processing tax which has since excluded copra of other than Philippine origin. No exports to the United States in 1950 are anticipated. Copra Fund purchases during 1950 are expected to be maintained at the 1949 level. Exports, however, are expected to drop from 316,017 tons to about 275,000, as a result of an increased domestic consumption. New oil factories are ready to operate in East Indonesia and additional copra will probably be needed by Java plants to supply areas in the interior formerly isolated by military or political action. Stocks in Copra Fund warehouses at the end of December 1949 totaled 43,626 tons.

There are no accurate estimates of total production in Indonesia. In addition to copra directly utilized by native producers and to copra puchased by the Fund, a considerable quantity is smuggled from Sumatra to Singapore (perhaps as much as 100,000 tons in 1949) and from East Indonesia to the Philippines (20,000 to 30,000 tons). It is unlikely that these activities can be curtailed to any degree in 1950. The

progress already made by the Fund in collecting copra for distribution through legal channels is due to a complex system of inducement payments to the native producer and the middleman. This system will be continued in 1950.

Palm oil and palm kernels.—Palm oil production in 1949 was more than double that of 1948. Output totaled 118,607 metric tons. Production of palm kernels reached 29,265 metric tons. Area planted to oil palms in December 1949 was 70,989 hectares on 24 estates, with 57,812 hectares harvested (1 hectare equal 2.47 acres).

Exports of palm oil in 1949 amounted to 101,861 metric tons, compared with 39,907 tons in 1948. Of 1949 exports, the Netherlands took 61,445 tons; the United Kingdom, 21,026 tons; and the United States, 9,812 tons. The remaining shipments went to Germany, Italy, Sweden, and Japan.

Sugar.—Production of estate sugar in 1949 totaled 224,000 metric tons from 22,000 hectares, milled by about 24 factories with a maximum capacity of 600,000 tons. The low yield was caused primarily by cane thefts and burnings by irresponsible and extremist elements in central and east Java. Production in 1948 totaled 43,000 tons from 4,000 hectares. The best estimate of production during the 1949-50 season is about 380,000 tons from an area of 27,000 hectares now planted to cane. Producers are optimistic that the anticipated return of stable conditions to the growing areas and the possible extension of a Netherlands credit for replacement machinery and parts will permit production at prewar levels (1,600,000 tons in 1940) by 1952 or 1953.

Exports for 1949 totaled 41,601 metric tons and were shipped chiefly to Singapore, Malaya, and countries in the Near East. Imports totaling 630 tons consisted chiefly of refined white sugar from Formosa and Singapore for consumption by employees of petroleum producing and distributing companies, Stocks on hand in January 1950 totaled 60,000 tons, all of 1949 production, which were earmarked for the rationing program during the first 4 months of 1950. Exports will be negligible in 1950 until the size of the new harvest is known.

As a result of the great risks involved, internal production costs are high. Exports are possible only because the domestic consumer is charged abnormally high prices. Domestic consumption of rationed sugar of estate production in 1949 probably totaled about 200,000 metric tons as compared with 350,000 prewar. The greater part of the population probably had access only to sugar produced on small farms and distributed within the immediate neighborhood of crude wooden mills. This "native" crop is of no commercial importance but preclude a realistic estimate of per capita consumption.

Tea.—Favored by more stable political conditions in the growing areas, tea production doubled in 1949, reaching a total of 27,174 metric tons as compared with 12,618 tons in 1948. Before the war the tea industry had a production capacity of 119,000 tons. While production will probably continue to increase during 1950 and following years, it is doubtful that under the best conditions production in the next few years wil exceed 83,000 tons per year. About 30 percent of the prewar planted area was converted to other crops during the Japanese occupation. In addition, some small estates whose factories and equipment were destroyed will probably not wish to invest new capital necessary for rehabilitation. Producing estates numbered 164, or approximately half the prewar number. Factories in operation in 1949 numbered 106 as compared with 277 in 1940. Production is expected to reach 35,000 tons in 1950.

Exports also doubled during 1949, totaling 23,620 metric tons. Almost 60 percent of the tea was shipped to the Netherlands, and the rest to Egypt, Canada, and countries in the Near East and Europe.

Coffee.—During 1949 coffee production continued at a low level owing to the disruption of transportation facilities and neglect of the coffee bushes during and after the Japanese occupation, and to the reluctance of many estate owners to return to their plantation (especially in southern and western Sumatra) because of civil disorders.

By October 1949, out of 103 coffee estates, 78 were in production, while the area planted to coffee amounted to 30,859 hectares. Production is estimated at about the size of the 1948 crop, 25,000 tons, of which native production accounts for about 11,000 tons and estate output, 14,000 tons. Average production for 1935-39 was 131,000 tons, of which about 77,000 were native grown and 54,000 estate produced.

Considering the large domestic demand for coffee and the country's reduced output, Indonesia in 1949 not only could have consumed all its own production but also would have imported large quantities of coffee had the necessary foreign exchange been available. Owing to Government trade commitments, however, there were exported during 1949, principally to the Netherlands, 4,928 metric tons, compared with 2,379 tons in 1948.

Pepper.—Production of Lampong black pepper in 1949 was estimated at 5,000 metric tons and production of Banka white pepper at from 100 to 200 tons. In the Banka producing area, there are now some 600,000 vines, compared with 12,000,000 before the war. The high cost of labor, insufficient manure, and the need for building supports for the vines deter rapid expansion of output. Exports of pepper in 1949 amounted to 2,782 metric tons, in comparison with 1,805 tons in 1948.

Speculation and hoarding against expected currency devaluation caused domestic pepper prices to rice to levels, at times, about those prevailing in New York City. Following the political settlement with the Netherlands, increased production was expected to bring prices down to more reasonable levels by March 1950.

Fibers.—A drastic reduction of approximately 50 percent in the output of hard fibers occurred in 1949, when production totaled only 2,493 metric tons, compared with 5,088 tons in 1948. At the end of 1949, 6,931 hectares were planted with sisal and cantala and 4,396 hectares were planted with abaca. Of the total area 11,327 hectares planted to hard fibers, it is estimated that 8,000 hectares are postwar plantings.

Domestic consumption of sisal and abaca fibers is unimportant, only 10 to 12 metric tons a month being used by local manufacturers.

Exports of hard fibers amount to 2,940 metric tons in contrast with 6,921 tons in 1948. The Netherlands took about half of these 1949 exports and the United States, Belgium, United Kingdom, Canada, France, and Sweden were other oversea markets.

The 1949 kapok crop amounted to 6,200 metric tons, compared with an estimated 1948 output of 5,000 tons. In 1949 exports totaled 8,152 metric tons as compared with 5,796 tons in 1948.

Tobacco.—Production of cigar-type tobaccos in Besuki and Kedu (Java) was reported to total about 9,000 tons. Deli (Sumatra) production was reported to total about 6,000 tons. It is believed that both of these figures are probably too high. Local flue-cured tobacco production totaled about 450 tons.

As compared with prewar exports of cigar-type tobaccos totaling from 20,000 metric tons, Indonesia exported only 6,627 tons during 1949. While this export was an improvement over 1948 (1,212 metric tons), the industry continued to suffer in 1949 from military and guerrilla activities in the producing areas. Tobacco estates in central Java remained inaccessible and labor was scarce in Sumatra. Virtually all of the exports during 1949 were cigar binders, filles, or wrappers shipped to the Netherlands. About 100 tons of Deli leaf went to the United States. The export of cigarette-type tobacco was prohibited during the year and domestic production was supplemented by imports of Virginia leaf totaling 3,448 metric tons and 1,840 metric tons of tobacco products.

Cinchona.—In October 1949, out of 64 cinchona estates, 51 were in production. The planted area amounted to 10,326 hectares. Production of dry cinchona bark for the first 10 months of 1949 totaled 5,662,163 kilograms, compared with 5,777,804 kilograms for the corresponding period of 1948. Production rose from 404,651 kilgrams in January 1949 to 825,724 kilograms in August; since then it has fallen off sharply.

Endeavoring to protect domestic cinchona producers and bark processors in Indonesia and the Netherlands from the consequences of an estimated 50-percent decline in the postwar demand for quinine, toward the end of 1948 the Government instituted a plan to curtail production of cinchona in order to prevent the accumulation of unwieldy stocks and dislocation of the price structure. As a result of this restriction scheme, a number of cinchona estate owners in 1949 turned part of

their acreage over to tea and others were expecting to make this change during the coming year. On estates still devoted to cinchona production, however, special efforts were being made to increase the quinine content of the bark.

Although the amount of cinchona exported in 1949 (2,58 4metric tons) was roughly 40 percent less than in 1948, the total value of 1949 exports fell by only about 13 percent. The Netherlands was the principal market for Indonesian exports of cinchona.

Domestic Food Crops

Rice.—Indonesian production of milled rice is estimated at 6,786,014 metric tons in 1949, as compared with 6,320,000 tons in 1948 and 6,926,000 tons for the average of the prewar years 1935-39. The volume and value of rice imports into Indonesia during 1949 appear to have been about double those of 1948, total imports being estimated at 275,000 metric tons. Throughout the year there was a rising price trend, stimulated to a great extent by speculation.

Other food crops.—With regard to 1949 production in Java and Madura of important secondary food crops for native consumption, the following reliable estimates (metric tons) have been given: Cassava, 4,690,000; sweet potatoes, 886,000; soybeans, 227,000; corn, 1,590,000; and peanuts, 123,000.

MINERAL PRODUCTION

The principal mineral products are petroleum, tin, coal, bauxite, and salt.

Petroleum

Crude oil production during 1949 substantially exceeded that of 1948. Output totaled 43,205,969 barrels (6,000,000 metric tons), compared with 33,033,802 barrels (4,326,711 metric tons) produced in 1948. Imports of crude oil from Sarawak for processing by the refineries in the Palembang district of southern Sumatra amounted to 1,380,701 metric tons valued at 75,182,000 guilders.

Indonesian refineries turned out 47,531,148 barrels of petroleum products during 1949, a rate of production considerably higher than that of 1948, in which refinery output amounted to 34,732,693 barrels.

Production of the leading refinery products in 1949 was as follows in barrels: Motor gasoline, 15,875,678; fuel oil, 14,396,255; Diesel oil, 9,188,753 kerosene, 6,009,314; and aviation gasoline, 959,578.

Exports of petroleum products in 1949 amounted to 5,689,607 metric tons, valued at 409,440,000 guilders, which may be compared with exports in 1948, when the annual total was 3,849,497 metric tons, valued at 260,015,000 guilders. Of 1949 exports, Sumatra furnished the bulk—4,890,512 metric tons, valued at 369,994,000 guilders. The main items in this export trade were, in metric tons: Fuel oil, 1,899,627 (86,385,000 guilders); gasoline, 1,769,501 (182,889,000 guilders); and Diesel and solar oil, 832,279 (54,987,000 guilders).

As in 1948, most of these exports went to Singapore and Riouw (Indonesia) for further distribution. Direct shipments were chiefly to Malaya, Penang, the Philippines, Australia, Indon-China, India, Thailand, and the Netherlands.

The year 1949 was inactive insofar as development of new oil wells and private exploration were concerned. The fact that drilling operations cost about 10 times as much as before the war, that unsettled conditions continue in various areas, and that the new Government's attitude toward mineral exploration is not known, all discourage exploration for new fields. As a result of depleted reserves, it is reported that the scale of refining operations may have to be reduced in 1950. Another unfavorable aspect of the outlook for the Indonesian petroleum industry is a very high level of taxation, which, if raised further, might make it cheaper for Singapore to buy petroleum products from Iran than from Sumatra.

Tin

Tin-ore production during 1949 was at a somewhat lower level than in 1948. Tin-ore concentrates totaled 29,432 metric tons, of which 16,655 tons were produced on the island of Banka, 9,978 tons on the island of Billiton, and 2,799 tons on Singkep.

Exports of tin and tin ores were 43,789 metric tons and 46,296 metric tons in 1949 and 1948, respectively. In 1949 the United States took approximately 40 percent of these shipments and the Netherlands, about 60 percent.

Coal

Coal output in 1949 was nearly 20 percent greater than in the preceding year, amounting to 660,000 metric tons, compared with 537,312 tons in 1948.

Bauxite

During 1949 a noticeable improvement also occurred in the production of bauxite, which reached a total of 678,138 metric tons. This amount may be compared with 1948 bauxite exports of 450,216 metric tons, of which about 75 percent went to the United States and most of the remainder to Japan. In 1949, however, the United States share of these shipments rose to nearly 90 percent, Japan again accounting for the bulk of the remainder.

Other Minerals

Salt production declined heavily during the Japanese occupation period, although prewar production varied widely from year to year. The low of 12,000 tons in 1947 was followed by an output of 360,000 tons for 1948 and 140,000 tons in 1949. Neither nickel nor manganese has been mined since the war, while gold and silver production is negligible.

INDUSTRIAL DEVELOPMENT

Industrial activity is centered in the processing of agricultural products and in the manufacture of consumer goods almost exclusively for the domestic market. Average production in 1949 was estimated at about 60 percent of the prewar level.

Applications for foreign exchange for the rehabilitation of existing industries, the replacement of obsolescent equipment, and the purchase of new machinery to enlarge going concerns or to establish new ones had necessarily to be refused because of the exchange position. Although in June 1949 exchange-free imports of industrial materials were permitted, such imports did not lower the prices of industrial goods but did help somewhat to relieve the dearth of raw materials.

It is estimated that in 1949 foreign exchange amounting to 185,900,000 guilders was provided for the importation of industrial raw materials and capital goods, whereas in 1948, 230,000,000 guilders were so allocated.

Textiles

The textile-weaving industry, concentrated in western Java, expanded its equipment cronsiderably during 1949. From January 1, 1949, to September 1, 1949, certain of the industry's equipment increased as follows: Single-breadth mechanical looms, from 4,314 to 5,298; double-breadth mechanical looms, from 1,064 to 1,443; double-breadth hand looms, from 138 to 217 foot looms, from 379 to 450.

Despite a great shortage of weaving yarns, the prewar production level of 700,000 sarongs a year was approached. Of Indonesia's six cotton-spinning mills, three were in operation and their combined monthly output approximate 100 tons of yarn. The other three mills were in process of rehabilitation and should resume production in 1950.

Metal Industries

The metal industries, particularly handicapped by a shortage of pig iron, manufactured a larger quantity of bicycle pedals, textile machinery parts, oilcans, water pumps, irons, braziers, roasters, and other household utensils during 1949 than in the preceding year. Bicycle assembly plants turned out 40,000 bicycles in 1949.

Miscellaneous Industries

Beer production, as set by the Government, was 71,000 hectoliters in 1947, 116,000 hectoliters in 1948, and 143,000 hectoliters in 1949. There was sufficient distillation of a native alcoholic beverage, arak, to permit small exports in 1949.

Although hampered by inadequate supplies of sugar and tin, cannery output expanded in 1949 under the stimulus of large Army orders. In 1949 Java oil factories processed some 12,000 tons of copra a month, compared with a potential output of 24,000 tons monthly.

Production of mechanically manufactured cigarettes, which amounted to 3,200,000,000 cigarettes in the first half of 1949, was also at only 50 percent of capacity.

Substantial growth took place in the leather shoe industry, which during 1949 manufactured 300,000 pairs of army and police shoes, valued at 8,860,000 guilders. Sole leather, a high-quality calf leather, harness leather, belt and bag leather, lining leather, and reptile leather were leading products of the leather industry during 1949. In

Macassar three extracting plants were producing mangrove cutch, which, in combination with other tanning extracts, is an important material in the sole leather industry.

While annual data are unavailable, it is apparent from production figures for the first half of 1949 that the rate of production in the soap, electric light bulb, paint, and rubber goods industries was materially higher than that of 1948.

TRANSPORTATION

Shipping

While statistics on the volume of foreign shipping in Indonesia during 1949 have not been compiled, foreign flag tonnage was estimated to be greater than in 1948. The net tonnage (ton equals 2.8317 cubic meters) of vessels entered from a foreign port in 1948 totalled 16,900,000 cubic meters as compared with 33,900,000 cubic meters in 1938. Netherlands flag tonnage represented about 41 percent of 1948 foreign shipping, followed by British flag shipping (40 percent) and United States shipping (10 percent).

Thep reponderance of British shippings is due to the heavy traffic between Indonesia and British settlements in southeast Asia. This pattern of foreign flag participation was probably repeated in 1949.

Import traffic during 1948 and 1949 about equaled prewar levels, but as much as a third of the traffic comprised crude oil imported chiefly from Sarawak. Export tonnages have suffered a significant and possibly permanent reduction from prewar levels. They totalled about 12,000,000 tons in 1939 as compared with 5,200,000 tons in 1948 and 3,500,000 tons during the first 6 months of 1949.

Domestic interisland and coastwise shipping continued to be dominated by the Royal Navigation Packet Company (KPW). At the end of 1949, the KPM fleet consisted of 103 ships (9 under construction) totalling 184,000 gross registered tons (231,000 deadweight tons) and serving regularly 300 ports of call. An estimated 3,200,000 tons of cargo were carried in 1949 as compared with 2,546,000 tons in 1948. About 70 percent of the cargo consisted of exports and imports for transhipments at the chief foreign ports of call. Negotiations between the company and the new Government over the future status of KPM were to begin in early 1950. Aside from KPM, the domestic fleet consists of two Indonesian companies engaged in copra collection in Celebes and an undetermined number of native "proas" which ply the coastal and river trade.

Railways

Rehabilitation of the railway systems in Java, Madura, and Sumatra proceeded gradually during 1949, the chief deterrents to more rapid progress being a shortage of exchange for locomotives, rolling stock, and repair materials and the continuation in some areas of sabotage by guerilla forces. Statistics for 1949 have not been compiled, but it is evident that some increase was made in the mileage of operating lines (2,019 miles in 1948). Traffic was resumed on the line from Oosthaven to Kotabumi in south Sumatra (100 miles) in July 1949. The lines from Kotabumi to Martapura (60 miles) and from Jogjakarta to Surakarta in Java (50 miles) were expected to be ready for normal traffic in early 1950. It is likely, however, that some years will elapse before the entire 4,550 miles which constituted the prewar system are in operation. It appears that the restoration of rail transportation will be given less priority than road repair and roadbulding in projects which were under consideration at the end of the year.

Passenger and freight traffic for 1949 will probably show considerable improvement over 1948. From January to June of 1949, the railroads handled about 28,000,000 passengers as compared with 49,000,000 during all of 1948 and 2,180,000 tons of freight as compared with 2,860,000 tons in 1948. Passenger traffic during 1949 should equal about 80 percent, and cargo traffic slightly less than 50 percent, of prewar traffic.

At the end of 1948, 375 steam locomotives, 15,000 freight cars, and 1,863 coaches were in operating condition as compared with 1,250 locomotives 27,192 freight cars, and 3,551 coaches which were serviceable before the war. Statistics on additions to locomotives and rolling stocks during 1949 are not available. It is reported, however, that the need for locomotives is especially urgent and constitutes a particularly great obstacle to an improvement of rail services.

Air Lines

At the end of 1949, an agreement was reached between the new Government and the Royal Dutch Airlines (KLM) establishing the Garuda Indonesian Airways as a domestic and interinsular carrier based at Djakarta, Java. The agreement is reported to provide for joint ownership and control of the corporation for a period of at least 10 years. The aircraft formerly operated by the Interinsular Division of KLM and the ground facilities throughout the archipelago became the property of the new corporation. During 1949 scheduled flights were made to about 32 cities, covering a network of 24,000 kilometers.

Passenger and freight traffic in 1949 was heavier than in 1948. During the first three quarters of 1949, 89,184 passengers and 5,003 tons of freight were carried per 1,000 kilometers as compared with 75,720 passengers and 3,981 tons of freight per 1,000 kilometers during those quarters in 1948.

Foreign flag operators at the one of the year offered flights from Europe via the Near East, Pakistan, India, and Bangkok to Djakarta, from Singapore to Djakarta, and from Australia to Singapore via Surabaya.

Road Transportation

In 1941 Indonesia's road network totalled approximately 24,300 miles of "hardened" surfaces, of which 7,600 were asphalted. Almost 70 percent of the asphalted surfaces were in Java and Madura. Since no statistics have been compiled since the war, it is not known to what extent military operations, surface wear, and neglect have reduced the mileage of roads usable before the war. Many need repair and reconstruction.

LABOUR, WAGES AND COST OF LIVING

While labor disputes did not occur with great frequency during 1949, there were indications toward the end of the year of a growing dissatisfaction among maritime and factory employees. In the absence of statistics on labor and wages, it is impossible to determine the current real income of the average worker in terms of his prewar income. Probably it is lower because of the continuing shortage of consumer goods. A more powerful impetus to demands for improved working conditions, however, was the growing realization of the workers that a new Government which had promised them social justice and an improved standard of living was about to come into being. Labor disputes, therefore, were expected to be rather numerous in 1950.

Industrial labor is not generally considered to be well organized in Indonesia. Consequently, most unions have had neither adequate funds nor adequate control of the labor market to carry out prolonged strikes. Labor demands during 1949 centered around higher wages, shorter working hours, and a general improvement in working conditions. A commonly employed maneuver was the slow-down

Cost-of-living indices published by the Government are applicable only to the relatively small part of the population residing in or near the larger towns and cities. The bulk of the population are self-supporting farmers who supply their own foodstuffs and who acquire consumer goods through the sale of food surpluses or other agricultural production on the domestic or export markets.

The retail-price index of 19 foodstuffs sold on free markets in the principal cities declined during 1949. At Djakarta (Batavia), a city fairly representative of conditions in other parts of the nation, the free-market index was 1313 in December 1949, as compared with 1618 at the beginning of the year (1938 equals 100). A second retail-price index is compiled from a sampling of the free-market prices of foodstuffs required to supplement rationed quantities. This combined free-market and controlled index was 1274 at the end of the year as compared with 1444 in January 1949. Rice and textiles were the principal commodities rationed in 1949. With some modifications, the rationing system in effect in 1949 was expected to remain in force during 1950.

FINANCE

As in preceding postwar years, so in 1949 Indonesian state finances showed a large deficit. Deficits of 799,100,000 guilders in the ordinary services budget and of 505,800,000 guilders in the extraordinary services budget made up the 1949 total deficit of 1,304,900,000 guilders.

Governmental revenues were chiefly from: (1) Taxes, 969,900,000 guilders; (2) profit from Government enterprises, 94,000,000 guilders; (3) miscellaneous receipts, 826,300,000 guilders. This last item included profit on devaluation, 213,000,000 guilders, and sale of surplus army equipment, 100,900,000 guilders.

Outlay for military and security purposes represented the largest category of expenditures, the Army alone accounting for 964,600,000 guilders. To cover deficits of autonomous states (negara) some 423,400,000 guilders were appropriated, and to provide various social services about 673,000,000 guilders were allotted.

The Government's deficit was financed through the issue of currency, credits extended by the Java Bank, and the emission of Treasury bonds.

Currency in circulation increased markedly in 1949 but at a slower rate than in 1948. At the end of 1949 Java Bank notes and Government notes (NICA) in circulation totaled 1,911,200,000 guilders, of which the Java Bank was responsible for 934,900,000 guilders and the Government for 976,300,000 guilders. During the year the Java Bank note issue in circulation increased by roughly 200,000,000 guilders and the Government note issue in circulation, by roughly 100,000,000 guilders.

Toward the close of 1949 Indonesia's public debt approximated 6,200,000,000 guilders, compared with a prewar debt of about 1,500,000,000 guilders. Of this total 2,500,000,000 guilders is internal debt and 3,700,000,000 guilders external obligations.

The internal debt consisted chiefly of: (1) Advances by the Java Bank, 950,000,000 guilders; (2) Government notes (NICA currency), 950,000,000 guilders; and (3) Treasury bonds, 550,000,000 guilders.

The external debt's main categories were: (1) Bonded debt, 871,000,000 guilders; (2) account current with Treasurer, 927,000,000 guilders; (3) foreign exchange and foreign credit accounts, 1,358,000,000 guilders; and (4) Netherlands account, 356,000,000 guilders.

It seems quite likely that for the next few years, at least, continuing large budgetary deficits will be an outstanding feature of Indonesian state finance. The country's new financial authorities have publicly stated on several occasions that economic rehabilitation and industrial development must take precedence over balancing the budget.

The Postal Savings Bank, which through its numerous branches is the country's outstanding repository for private savings, reported an increase during 1949 of 9,790,189 guilders in its deposits, the net result of deposits of 71,160,271 guilders and withdrawals of 61,370,082 guilders. The number of savings books in circulation grew by 20,032 during the year. At the end of 1949 savings balances, excluding interest to be added after the year's close, amounted to 84,166,585 guilders, compared with 74,376,395 guilders at the end of December 1948.

FOREIGN TRADE

The statistics of Indonesia's foreign trade during 1949 are a significant measure of the progress which was made toward economic rehabilitation, despite the disturbed political conditions. Imports totaled 2,850,271 metric tons, valued at 1,427,032,000 guilders, as compared with 1,909,822 metric tons, valued at 1,125,399,000 guilders, in 1948; exports totaled 7,636,142 metric tons, valued at 1,447,886,000 guilders, as compared with 5,185,315 metric tons, valued at 1,040,388,000 guilders, in 1948. Imports during 1949 slightly exceeded the average prewar volume but were heavily weighted shipments of crude oil which have no parallel in prewar statistics. If crude oil imports are omitted for the sake of comparison, it will be found that the total import consumption during 1949 was substantially below the prewar level. The volume of exports in 1949 increased to nearly 60 percent of the average prewar volume as compared with nearly 50 percent in 1948.

Exports exceeded imports in 1949 by 20,854,000 guilders, as compared with an import excess of 85,011,000 guilders in 1948. Imports requirements of capital goods for rehabilitation and of consumer goods to relieve domestic shortages will again be abnormally high during 1950. If adequate foreign credits are obtained, imports may temporarily exceed exports, especially since the rehabilitation of the agricultural export industries and adequate domestic supplies for inducement goods for labor are generally considered indispensable to the restoration of production for export at the prewar level.

The equivalent United States dollar value of Indonesian foreign trade for 1949 may be obtained by converting the guilder values at the following rates: imports, January through September, 1 guilder equals approximately US$0.38, thereafter, approximately US$0.26; exports, January through November, 1 guilder equal approximately US$0.38, thereafter, approximately US$0.26. The dollar equivalents, which are approximations only, are US$501,498,000 for imports and US$529,288,000 for exports. For 1948 the equivalent United States dollar value of the guilder equals approximately US$0.38.

Composition of Foreign Trade

Closely following the pattern of commodity import in 1948, Indonesia's imports during 1949 consisted principally of textiles, foodstuffs, machinery and vehicles, iron and steel products, and petroleum. Textiles and clothing accounted for about 30 percent of the total import value; foodstuffs (and tobacco), approximately 20 percent; machinery and vehicles, 18 percent; base metals and products, 10 percent; and petroleum (primarily crude oil) and coal, 8 percent.

Petroleum products continued to lead other exports, accounting for approximately 29 percent of the total export value as compared with 25 percent in 1948. Immediately following in point of value was rubber, representing 24 percent of the total value, about the same proportion as in 1948. Copra and palm oil were third in value, representing 17 percent of the total, and tin and tin ores were fourth, representing about 12 percent of the total.

The Netherlands continued to receive the principal share in terms of value of Indonesian commodities during 1949, purchasing about one-third of total exports. In order of value, the leading exports to the Netherlands were rubber, tin, copra, palm oil, and tea. Imports into Indonesia from the Netherlands, which ranked second to the United States as a supplier, represented about onefifth of total import value and consisted principally of foodstuffs, textiles, machinery, and metal products. Imports of the Netherlands from Indonesia have characteristically exceeded her exports to Indonesia. Whether this pattern of trade will continue depends in large measure upon the legree of commercial cooperation achieved in the future between the two countries. The framework for consultation on economic matters of mutual interest was established at the Round Table Conference at the Hague in November 1949, prior to the transfer of sovereignty to Indonesia. Although Indonesia will no doubt be interested in buying and selling in the most advantageous markets, it seems likely that the existing pattern of trade connections will not be seriously disrupted in the immediate future.

During 1949 Indonesia sold approximately 30 percent of her exports and bought approximately 9 percent of her imports in European countries other than the Netherlands, principally the United Kingdom, Belgium and Luxembourg, Germany, and Sweden. Trade with these and other European countries was conducted largely through the intermediacy of the Netherlands and by means of bilateral trade and monetary agreements in which Indonesia and the Netherlands were jointly associated. These agreements apparently worked for the most part to the mutual advantage of the Netherlands and Indonesia. New agreements will probably be made and old agreements extended during 1950. A liberalization of European trade would of course permit Indonesia to sell her export production, on which the economy of the nation depends, for higher prices and without prior commitment as to market.

The United States continued to be the principal source of Indonesian imports in 1949, supplying nearly one-fourth of the total import value. About 43 percent of the shipments from the United States comprised machinery, vehicles, and iron and steel products. Imports of textiles represented 24 percent, and imports of foodstuffs nearly 20 percent, of the total value. Exports to the United States represented about 15 percent of the total export value, the United States ranking after the Netherlands and Singapore. Rubber represented about 43 percent of the value of exports to the United States and tin about 31 percent. Commodities of lesser value in the trade were palm oil, tea, copra, pepper, resins, bauxite, rattan and citronella oil.

While exports to the United States of some commodities, particularly rubber, were stimulated after the devaluation of the guilder in September 1949, it appears that the over-all favorable

effect of devaluation on exports to the dollar area was minimal. As a result of the local currency inflation and the scarcity of consumer goods, costs of production continued to be high as compared with the dollar exchange rate, which remained unrealistically low even after devaluation. Artificial inducements to exports, including a program permitting the exporter of certain native products to retain a portion of his export exchange for imports from soft-currency areas, continued to be necessary on a somewhat reduced scale. At the end of the year it appeared that United States products were still being offered at competitive prices in the Indonesian market despite the devaluation of the guilder. No decline in imports from the United States as a result of the devaluation is therefore expected.

Indonesia's imports from countries in Asia and Australia represented about 20 percent of the total value of her imports during 1949 and comprised chiefly textiles and clothing from Japan, China, Hongkong, and India and rice from Thailand and Burma. Exports to countries within the region represented about 20 percent of the total export value and were primarily petroleum products shipped to Australia and southeast Asian countries. Singapore, however, continued to function as an important entrepot for Indonesian produce and Japan imported rubber, copra, palm oil, and resins. Japan ranked after the United States, the Netherlands, and the United Kingdom as a primary source of Indonesia's imports in terms of value, chiefly as a result of textile shipments. Japan's share in the total import value was approximately 10 percent.

Exports to Singapore represented about 20 to 25 percent of the total export value as contrasted with imports from Singapore, which represented only about 2 percent of the total import value. In addition to recorded trade between Singapore and Malaya and Indonesia, there appears to be a sizable volume of smuggling, particularly between Sumatra and Malayan ports. Unofficial estimates of illicit exports place the value of smuggled goods as high as 15 to 25 percent of the total recorded exports from Indonesia. A comparison of Malayan import statistics with Indonesian export statistics indicates that this estimate may be somewhat exaggerated, although sizable quantities of copra and pepper and some rubber appear to be moving illegally from Indonesia. Unrecorded imports from Malaya are also substantial and appear to comprise chiefly textiles. As a possible indication of the size of this trade, recorded imports from Singapore totaled over 300,000 metric tons in 1938 as compared with 35,000 tons through October 1949. It is unlikely that a decrease of this size can be attributed entirely to a wartime dislocation of trade.

Trade Controls

During 1949 foreign trade continued to be controlled by the Government through prohibitions on the export of essential foodstuffs and textiles and by the establishment of quotas on all imports. Exporters were required to surrender their foreign exchange to the Government except in specified instances where purchasers of natively produced commodities for export could retain a portion of the exchange for imports from soft-currency areas as compensation for excessively high inducement payments to the native grower. Petroleum companies also continued to be exempt from foreign exchange controls under agreements which permitted them to untilize the proceeds of exports to import equipment and supplies at their own discretion. Exchange free imports under these exemptions probably accounted for no more than 3 percent of total imports.

Import trade was executed under a complex system of exchange and distribution controls. Requests to import capital goods and specific-purpose raw materials were screened by the Industrial Division of the Department of Economic Affairs against a yearly quota established by the Foreign Exchange Office in consultation with other Government agencies. A system of priorities was in force whereby the import requirements of export industries, essential domestic industries, and domestic industries producing goods of a semiluxury type, in that order, were given preference.

It is reported that approximately 90 percent of all imports during 1949 were handled by about 59 of the 200 firms who were members of the Association of Indonesian Importers and Wholesalers, an organization representing the better capitalized importing firms. Approximately 42 percent of all imports were handled by about seven firms predominantly of Netherlands ownership. While some new Indonesian firms participated in foreign trade during 1948 and 1949, their numbers, as well as their influence on existing firms of foreign ownership, were expected to increase in 1950. Suggestions for the modification of the present exchange and trade regulations were proposed toward the end of the year. In March 1950 a system was adopted which would permit exporters to utilize a portion of their foreign exchange for imports or for sale to importers.

SITUATION IN FUKIEN

(*Continued from Page 526*)

the demands a Chinese makes on life by granting him a few rice bowls a day; the Chinese, as a nation, have grown up especially during and after the second world war and they now demand to be informed by their own government and also to be allowed to hear what other nations do and what their responsible leaders think. But the Chinese communist rule in this regard has become so oppressive that there are now signs of a budding revolt. While economically there is some return of prosperity, due to the suspension of warring and the efforts of the people (for which the government wants to get all the credit) politically the situation has deteriorated. Peking has lost internationally a lot of 'face' with its meddling in foreign affairs—no doubt at the behest of its master, the Soviet Union—and internally the much dreaded 'iron curtain' is now fully descending on a traditionally individualistic people. Rumours and picking up of foreign broadcasts are now the only sources of information. What enrages the people most is the persistent silence observed by the government in regard to vital affairs—and a loquacious propaganda cannot deceive the more intelligent sector of the community that they are denied information about developments in their own country. To cause further irritation, the provincial and municipal authorities vie with each other to issue ever new regulations and restrictions with the effect that people get confused and unwilling to abide by what they now frequently call oppressive administrative measures.

FINANCIAL REPORTS

HONGKONG FREE GOLD & EXCHANGE MARKET

The local market thrives on political rumours; it eagerly grasps whatever bit of news appears in the daily press and if the news of the day seem to favour the bulls, the resourceful bearish syndicate has no scruples to invent stories which are, by experienced rumor peddling agents, circulated with much skill. In our gold market the bulls, as far as composed of the Shanghai clique, are the most unscrupulous in the inventing of rumors and they have gone very far in recent months, often provoking the public and the authorities as, for their own profit seeking, these persons have not shirked from upsetting, though only for a very short while, the tranquility of the community.

Last week, when there were some unconfirmed sensational stories of Chinese communist forces crossing the Korean border—which were in good time spiked as untrue by General MacArthur's HQ, previously having been discredited by American officers—the local bulls went wild with their own imagination and tried to convince a now less gullible speculating public that the outbreak of hostilities between the UN forces in Korea and the Chinese reds was imminent. Gold prices firmed up as always when there are disturbing news, such as indicating Peking's continued subservience to Moscow in matters of foreign policy and military adventures, speculative buying starts which is usually supported by small-scale hoarding.

The bulls however received much encouragement last week from the fact that silver prices in London and New York were raised and that overseas bullion sellers (including Latin American governments and their accredited brokers in New York) were manoevering to make appear that there is reduced gold output and that therefore a higher free market price would appear to be called for.

The most important factor in the returned strength of gold prices is the commodity boom; while since middle of this year, or to be exact since after the start of the Korean war, strategic articles have shown firmness in price and many items still are rising, the gold mining interests once again feel encouraged to put up their case before a world now seemingly resigned to the unchanging gold price of US$35 an oz. Unless the present largely artificial price boom in a large number of commodities—not all of which could be classified as strategic ones—is reversed and more normal conditions in commodity markets the world over can be expected, the cry of the gold miner for a higher price for his metal cannot be ignored.

In a freely competitive world it would appear nonsensical to fix the price of gold but the justification for such an action, which is based on the overwhelming economic power of the US, could be found in the beneficial exercise of some measure of control over the fluctuations of commodity prices and cost of living. Once prices run riot as we have witnessed during the last few months and war hysteria cannot be curbed in spite of the very definite turn for the better since the virtual termination of the war in Korea, and governments seem to be unable to persuade manufacturers and traders to use restraint, in the national and eventually their own interest, the underlying insecurity of our economic life is exposed to such an extent that political repercussions must be feared. Nothing promotes communism as potently as the instability of our existence—if it in fact can be proved.

Review of last week's business (October 23—28):—

GOLD:—Highest & lowest prices per .945 fine tael $298—289, equiv. to .99 fine tael and oz prices of $312.19—302.76 and $259.44—251.60 resp. Cross-rates US$ 40½ high, 39¾ low. Macao and Canton .99 fine tael prices $307¾—299½ and $306—298 resp. Local prices were $3—4 above Macao market.

The local official price per fine oz is $200 (on the basis of London's quotation of 248s. per fine oz which, at the 1s/3d. parity should correspond to exactly $198.40). The free market price of last week was around $255—257 (.99 fineness) or some 28% higher than the official price. Against the US Treasury buying price the local free market crossrate was about 15% higher. The Bombay market price was around Rs. 111.3.0 per tola or 444s. 9d. per fine

Hongkong Official Exchange Rates

Agreed Merchant Rates of the Hongkong Exchange Banks' Association as from October 24:—

	Maximum Selling: In Foreign Currency per HK$	Maximum Selling: In HK$ per Foreign Currency unit	Minimum Buying: In Foreign Currency units per HK$		In HK$ per Foreign Currency unit
London	1/2 27/32	16.168421	1/2 15/16	T.T.	16.066946
			1/2 31/32	O.D.	16.033403
			1/3	30 days.	16.000000
			1/3 1/32	60 & 90 days.	15.966736
			1/3 1/16	120 days.	15.933610
			Indirect Sterling 1/32 higher than London rate for the usance involved.		
East & South Africa	1/2 27/32	16.168421	1/3 1/32	O.D. if under L/Credit	15.966736
			1/3 3/32	O.D. without L/Credit	15.900621
			1/32nd.	up every 30 days.	
West Africa & West Indies	1/2 27/32	16.168421	1/3 7/32	O.D. if under L/Credit	15.700021
			1/3 9/32	O.D. without L/Credit	15.705521
			1/32nd.	up every 30 days.	
India	82 7/16	1.2130402	83 3/8	T.T.	1.1994003
			83 5/8	O.D.	1.1958147
			83 3/4	7 & 30 days.	1.1940299
			84 7/8	60 days.	1.1922504
			84.	90 days.	1.1904762
Aden	82 7/16	1.2130402	84	O.D. if under L/Credit	1.1904762
			84 1/8	O.D. without L/Credit	1.1887073
			84 5/8	30 & 60 days.	1.1816839
Burma	82 7/16	1.2130402	83 9/16	T.T.	1.1967091
			83 13/16	O.D.	1.1931395
			83 15/16	7 & 30 days.	1.1913626
			84 1/16	60 days.	1.1895911
			84 3/16	90 days.	1.1878248
Pakistan	57 1/8	1.7505470	57 13/16	T.T.	1.7297297
			57 7/8	O.D.	1.7278618
			58	30 days.	1.7241379
			58 1/8	60 days.	1.7204301
Malaya	52 11/16	1.8979834	53 3/16	T.T. & O.D.	1.8801410
			53 5/16	30 days.	1.8757327
			53 3/8	60 days.	1.8735363
New York	17 5/16	5.7761732	17 1/2	T.T. & O.D.	5.7142857
			17 9/16	30 days.	5.6939502
			17 5/8	60 & 90 days.	5.6737589
Canada	18 1/8	5.5172414	18 7/16	T.T. & O.D.	5.4237288
Australia	1/6 7/16	13.016949	1/6 3/4	T.T.	12.800000
			1/6 13/16	O.D.	12.757475
New Zealand	1/2 27/32	16.168421	1/3 3/32	T.T.	15.900621
			1/3 5/32	O.D.	15.835052

Sterling selling rates for delivery wit hin two months with a cut 1/32nd. for every further three months forward.

oz, which at the current New York free market rate for £, comes to about US$ 57—58. Alexandria quoted about 152 piastres per dirhem or 310s. 10d. per fine oz, which comes to a free market crossrate of US$40—41. (in large lots) at 37 to 38 per fine oz, shipment being made from a port in South America with all charges as from loading on aircraft are to be borne by the buyer abroad.

Last week's forward contracts totaled 241,600 taels or a daily average of 40,300. Positions left open overnight averaged daily 117,500 taels.

Cash sales: official 31,700, unofficial 13,200, a total of 44,900 taels.

Interest favored sellers and totaled 29 cent per tael per day. In Macao interest favored buyers but was very small.

Exports: to Bangkok 5600 taels, Singapore 3800, a total of 9400 taels.

Imports: from Macao 1100 taels, Taiwan 700, Indochina 600, a total of 2400 taels. There were rumors indicating flight of gold and other capital from Saigon to Hongkong; these reports were exaggerated as only small lots of gold previously imported into Indochina from Hongkong, found their way back into this Colony.

Gold in China has once again come to the fore; last week there were buyers in many cities and prices advanced strongly. Gold trading is illegal in communist China; nevertheless there was active trading which shows that confidence in the People's Bank currency is not as strong as was previously supposed. The communist authorities admit that gold hoarding has resumed but they explain it away by the growing prosperity of exporters and the rural population. While it is true that China at peace is, as other countries as well, economically improving, which means that, inter alia, merchants earn more, the money thus made in trade, etc. could just as well be invested in the form of savings in state banks or in new business investment.

It is significant that gold was bought also by farmers and 'small people' generally which had the effect of raising the price to PB$ 1.54 to 1.95 million per ounce. This price is much higher than the Hongkong free market gold price, viz. 10 to 25% above local rates. If this firm trend continues—which is a politically stimulated matter—gold imports into China may resume. In this case Macao will experience, once again, a period of boom.

The possible entanglement of Peking in the Korean war is being watched by all business men; while it appears most unlikely from a purely Chinese point of view to get involved in the warfare in the north the Soviet point of view prevails in Peking and there is therefore always a chance that Peking will jump into an adventure from which it will only emerge completely crushed.

US$:—Highest & lowest rates per US$ 100: notes HK$637¾-629, DD 640-632½. TT 641-633½. Crossrates US$2.497-2.525 (about 45% lower than New York where even pound notes quote above 2.62).

Hongkong should now attract holders of US$ as here the crossrate is one of the lowest in the world (price for US$ is highest) thus leading to a balance of New York and Hongkong rate for £. Demand for TT New York remains high as merchant buying, especially on account of China, is brisk while offers, mostly from exporters and recipients of overseas Chinese remittances, are not adequate. Imports from the US and other hard currency countries, where financing has to be effected directly or indirectly in US$, greatly exceed exports to the same destinations; previous gold imports into Macao have depleted locally held resources of funds in New York and earnings from overseas Chinese remittances (if made in US$) have lagged behind last year's. Thus, the local demand exceeds supply which causes rates to advance or at least to maintain firmness which trend can only be broken by the bringing in of US$ from other sources (and it is here where the arbitrage proves its value to the community as without it the free market US$ price would be even higher).

Speculative £ buying has subsided; it never gained any strength here whil overseas there were reported many and substantial remittances of funds to London in the expectation of profiting from the eventual upvaluation of sterling vis-a-vis the dollar. It is now felt that such a development will come to pass later in 1951 but at present it is premature to talk about it. The figures disclosed by the UK Treasury are startling indeed and, for any resident in the sterling area, most comforting and encouraging. Third quarter 1950 gold and dollar reserves amounted to US$2756 million, the highest for a very long period. First quarter this year and 1949 were respectively US$1984 m. and 1912 m. That reserves rose conspicuously during the 3rd quarter, by US$334 m., is significant though official spokesmen in London, trained no doubt by Austerity Cripps in daunting public cheer and optimism, were quick in reminding the world of the tough going which is lying ahead and that an adjustment of the present sterling/dollar rate cannot be discussed.

Whatever the near-future position of sterling in relation to inflation-threatened US$, one thing appears certain and that is that the rise in the cost of living has been controlled to a large extent in spite of the incessant price boosts of many raw materials. A depreciation of free sterling, against the official crossrate, of about 10% is not justified and should only lead to quick conversion of US$ funds into sterling as long as the present favorable (for US$) rate continues.

Sales totaled: TT US$ 770,000, DD and notes 790,000, a total of US$ 1,560,000.

Highest & lowest gold and US$ rates: (per .945 fine tael and per US$ 100. TT):—

	Gold		US$	
October	high	low	high	low
23	$292¼	289¾	635½	633½
24	292¼	289	637	634½
25	292	290	637¼	636¾
26	297	292¼	641	637½
27	296¼	294	639¼	637
28	298	296	640	633½

SILVER:—Prices per .99 fine tael $4.97-5.27, Chinese dollar coin $3.08-3.34, twenty cents coins $2.45-2.57.

Local prices reacted to the higher prices quoted abroad but not to the full extent as in London and New York where prices were advanced by 10%. The reason given for the higher prices was scarcity of the metal; but actually it was a well-planned manoeuver to boost the price seeing that other metals had considerably advanced in the commodity markets. Mexico, the chief producer, rightly claims to share in the general bonanza and by resorting to the simple strategy of reducing offers, though only for a short period, and issuing production figures which purport to prove that mines have not been working satisfactorily, the aim of a higher price is achieved. Consumers, being impressed with developments in other markets, do not put up much of a fight these days: they just pay up.

The official price in London rose from 63⅛ d. per oz. .999 fine, for both cash and two months' delivery, to 70 d. In New York the price rose from 72¾ cts. per fine oz to 80 cts.

Hongkong silver trade in September:- total imports 38,933 ozs valued at $147,264, all coming from Macao (average price per oz $3.78¼). Total exports 810,280 ozs valued at $2,941,944 (average prices per oz per silver in bars to the UK $3.68¼, to the USA $3.55¼; per silver coin $3.37½). Exports were shipped to:—UK 277,048 ozs in bars, to the US 454,882 ozs in bars and 6929 ozs in coin; to North Borneo 336 ozs in bars; to Thailand 64,933 ozs in bars.

HONGKONG SILVER TRADE: SEPTEMBER 1950

Silver (bars or ingots)

Countries	Imports Quantity Ounces	Imports Value $	Exports Quantity Ounces	Exports Value $
U. K.	—	—	277,048	1,020,078
No. Borneo .	—	—	336	1,216
Macao	38,933	147,264	—	—
Thailand ...	—	—	64,988	259,900
U. S. A.	—	—	454,882	1,616,586
Total	38,983	147,264	797,199	2,897,780

Silver coins

Countries	Imports Quantity Ounces	Imports Value $	Exports Quantity Ounces	Exports Value $
U. K.	—	—	6,152	23,377
U. S. A.	—	—	6,929	20,787
Total	—	—	13,081	44,164

BANK NOTE RATES:—Per one currency unit: London $16-16.15 (above parity for TT, on account of higher price paid in New York for pound notes where the price is about 5% higher than local crossrate for TT New York); Australia 13-13.03, Canada 5.91-5.99, Malaya 1.75¼-1.75¾, India 1.15¼-1.17, Burma .84, Philippines 1.95-2.03½, Macao 1.

Per 100 units: Indochina spot 12.95-13.12, forward 12.90-13; Indonesia nominal rupiahs 38, Nica guilders 3.60; Siam 27.10-27.20. Japanese yen, per 10,000, quoted firm at $160-163 but business is small and rates are controlled by black market developments in Tokyo (where the US$ rate is taken as guide for working out a local HK$ rate via the local US$ quotation).

CHINESE EXCHANGE:—No changes were reported, rates being quoted more or less as in the previous week. Local quotations for transfers to Canton in HK$, 99.60-100.40; to Canton in Ptople's Bank money, PB$ 198-200½ per one million. Chinese bank notes quoted PB$ 202-202½ per one million. Transfers to Shanghai, in gold 96-100 in US$93-94½; to Taiwan, in gold 86-88, in US$ 90½-92 (per 100 in China and Taiwan). Taiwan yen quoted HK$ .56½-.58 per one.

Business done in Chinese exchange:—PB$ notes: 1150 million; PB$ drafts to Canton 5200 million; HK$ remittances to Canton 490,000.

Hongkong Stock Exchange

Various political rumours failed to upset the market and the trend throughout last week was quietly firm with prices generally showing small gains. Utilities attracted most attention and came in for good support but profit taking and week-end corrective selling caused fractional declines at the final session. The undertone was very steady.

Although big deals were scarce, Rubber shares made spectacular advances and the demand for popular issues appears to be gathering momentum. The immediate outlook in this section is bullish.

Business reported during the week $3,008,972.

Business done during the week:—

	Closing Price	Sales Shares
H.K. Govt. 3½% Loan (1948)	$ 95	$7,000
H.K. Bank	$1460	203
Union Insurance	685	115
Union Waterboats	18½	280
Asia Navigation	.72½	5,000
Wharves	92	1,900
N. Point Wharves	6	14,300
C. Providents	12½	500
Shanghai Docks	4.10	5,400
Wheelock Marden	25½	600
H.K. & S. Hotels	8.90	13,600
H.K. Lands	44	983
Shanghai Lands	1½	6,500
Humphreys	9¾	—
H.K. Tramways	14.10	20,700
Star Ferry	76½	100
China Lights (O)	14	17,980
do (N)	9.90	22,777
H.K. Electrics	29¼	17,035
Telephones (O)	10½	1,400
Cements	14	15,850
Ropes	14	400

HONGKONG COMMODITY MARKET REPORTS

The question of the supply and continued increase in the cost of raw cotton occupied the limelight in the Hongkong commodity market last week. Two developments which had a vital bearing on the market, occurred during the week—the increase of Pakistan's cotton export duty from 60 to 180 rupees per bale, and the decision of the United States to raise export quota by 148,000 bales. The first factor greatly stimulated local prices; Pakistan NT Roller Gin soaring to $4.10 per lb., LSS Roller Gin to $4.00, and American Cotton 1", to $4.10.

In view of the comparatively small local mills' consumption—14,000 bales per month or 168,000 bales per year—no great anxiety was aroused by the question of future supplies of raw material. Of this limited amount, 60 percent consists of Pakistan and 40 percent of American cotton. It was generally felt that it would represent no difficulty to procure this quantity, especially from Pakistan since that country is heavily dependent on the local supply of cotton yarn. A barter trade between the two products had been previously suggested.

With regard to the local cotton merchants however, the question is entirely different. The present local export ban as well as the American restrictions on exports to China will have very unfavourable repercussions and may lead to a complete stoppage in exports. Meanwhile, the local cotton mills held a meeting last week on the question of the trebling of the cotton export tax by Paksitan and a decision was reached to appeal to the Hongkong authorities to make representations to the Pakistan Government for a reduction of the levy.

Cotton Yarn

The sharp rise in cotton prices gave a strong stimulus to the cotton yarn market which rapidly improved until the last two days of the week, when it reacted to bearish developments. Some quotations, mainly those for Indian products, soared by more than $200 per bale during the period under review, while others also gained by $100 to $200 per bale.

Cotton merchants in Thailand and Malaya, attracted by the high prices here, diverted stocks to the local market. Shipments totalling 1,500 bales of Indian products arrived, temporarily arresting the rising trend and forcing a reaction. The market, however, was soon sustained by the report of the raising of the cotton yarn export duty by the Indian Government and the sharp increase in Italian yarn prices. At a meeting held by the Hongkong Chinese Manufacturers' Union, a resolution was adopted to send representatives to the Government authorities to press for effective measures to assist the local textile mills in procuring raw materials. This question, it was held, was not difficult to settle, since the local weaving mills consume only from 60,000 to 80,000 bales of cotton yarn per year.

Saturday prices for Indian goods of 10 counts ranged from $1,500 to $1,540 per bale, 20 counts from $1,600 to $1,880, and 32 counts from $2,000 to $2,200; Hongkong products 10 counts, from $1,560 to $1,620, 20 counts from $2,040 to $2,400, and 32 counts from $2,550 to $2,600; Shanghai brands 20 counts from $1,860 to $1,900, 32 counts from $2,000 to $2,250, and 40 counts from $2,100 to $2,350.

Cotton Piece Goods.

Following an upward trend in sympathy with cotton and cotton yarn, this market recorded gains on a more narrow scale. Ruling prices were only around 30 percent higher than those current three months ago and in view of this fact a continuance of improved prices was expected. Holders of stocks were unwilling to release large amounts of goods, but adopted an attitude of waiting for the general situation to clarify.

Speculation was rife regarding Shanghai where market prices were considerably lower than in Hongkong. It was believed possible that there would soon be an influx of taxtile goods from that city, including such items as towels, hosiery and underwear. If this should materialise the local weaving industry would have a hard time to compete with the cheaper Shanghai products. Quotations showed relatively narrow changes during the week, ranging from unchanged to $3 per bolt. ABC Grey Sheetings were priced at $63.50 per bolt, "Bee and Monkey" and "Ching Liang Yu" White Cloth at $63.00, "Five Saints" Black Cloth at $61.00, and "Four Sisters" Drills at $60.00.

Metals

Trading in the market was very brisk at the commencement, but quieted down later as traders in China placed orders direct with foreign import firms. It was estimated that during the past month some 20,000 tons of goods, including iron bars and other construction materials, had been contracted for direct, thus reducing the demand in the Hongkong market. A recent offer of 200 tons of French Round Bars at $37-10s per ton and 100 tons of Steel Plates of above 1/8" thickness at £42-10s per ton was entirely signed up by North China buyers. Local traders later made enquiries and were informed that no more stocks were available. Fairly good business was transacted on Japanese productions, with Round, Flat and Square Iron Bars selling for $54 per picul. Trading in old ship metal was also brisk as Chinese buyers continued their demand and prices gained by more than 10 percent.

Galvanized Mild Steel Sheets were steady. G24 being last quoted at 82 cents per lb., G26 at 86 cents and G28 at 90 cents. Mild Steel Plates improved marginally, 1/32" being quoted at $95.00 per picul and ¼" at $60, and so was Galvanised Iron Wire, G6 being quoted at $78.00 and G12 at $98 per picul. Mild Steel Bars showed little change, Round Bars ¼" being still priced at $54.00 per picul and Square Bars ½" at $48.00 per picul.

Dyestuffs

Although not as active as the preceding two or three weeks, the market still witnessed quite a large amount of trading interest last week. Prices fluctuated irregularly, with those for some popular products recording substantial gains and those for goods in limited demand showing a downward trend. Thionol Black (ICI) was one of the most active products of the week, the market price touching $260 per picul. NACCO's Indigo also remained very popular, and so were red and scarlet dyes. Good demand was reported from Shanghai buyers for all brands of dyestuffs causing Sulfondine Blue to improve to $1,700 per picul. The quotation for Erie Congo registered $890 per picul, Direct Tan $600, Indigo 50% Paste $900. For ICI products Congo Red was quoted at $700, Durazol Blue at $1,500, for Dupont's Congo Red $770, Pontamine Green 150% $775, and Ponsol Blue $4,650 per picul.

Paper

Amidst shortages reported in various countries and continued buying demand from different places, the market advanced steadily during the week. Noticeable gains were seen in the prices of all products in general demand. Canadian mills were reported to be unable to accept local orders for newsprint, having sold forward to the middle of next year. Shanghai, where a great shortage of all kinds of paper prevailed, and where prices were said to be two or three times higher than in Hongkong, was said to have tried without success to place orders for 5,000 tons of newsprint in Norway and Sweden. Austria, however, had made an offer last week for 150 tons of Woodfree Printing at £152 per ton, while Japan also had various products to offer for shipment in 40 days. Unable to obtain supplies elsewhere, local traders placed orders for the inferior but cheaper Japanese products. The sources of supply of paper in Hongkong would therefore not be immediately affected. Buyers in the market increas-

	Closing Price	Sales Shares
Dairy Farms (O) .	15	6,000
do (N) .	13¼	6,566
Watson	25½	8,850
Lane Crawfords ..	25	900
China Entertainment	14¼	350
Vibro Piling	11	500
Ewo Cotton	3.10	3.900
Shanghai Gas	1½	4,275

ed last week. In addition to the Philippines, Taiwan and South Korea, Shanghai, Indonesia and Macao were also buying. Shanghai merchants centred their attention on M. G. Cap, Kraft, White Book Printing Paper, White Manifold Paper and Newsprint. For these five kinds of paper, paper merchants could now apply to the East China Foreign Trade Control Bureau for permits to import with their own foreign exchange. Previously, only consumers were accorded this privilege.

The persistent upward trend of market prices could be seen in the transactions reported for the week, some of which were 150 tons or 18,000 reams white M. G. Cap at $13.20 to $13.50 per ream and 100 tons Newsprint at 67 cents per lb., both purchased by Shanghai; 1,000 reams White Manifold Paper at $25 per ream; 4,000 reams White Manifold Paper at $25 per ream; 4,000 reams White M. G. Cap at $14.00 per ream; 6,100 reams Woodfree Printing Paper at $1.15 to $1.40 per ream; 10,000 lbs. Aluminium Foil at $3.00 per lb.; 2,000 reams M. G. Pure Sulphite at $19.00 per ream; 1,000 reams Bond Paper 32 lb. at $36.50 per ream; 2,000 bobbins Cigarette Paper at $19.00 per bobbin.

Rubber

Due to the firmness of the Singapore market, where a great wave of demand had sent the price at one time to over St$2.00 quotations last week recorded a general improvement of more than 5%. In view of the high ruling prices, buyers exercised great caution with the result that transactions were few and were each limited to 10 to 20 tons. Shipments received included 7,456 packages from Singapore and 184 packages from Indonesia, both for transhipment to North China. The present abnormal cost of the raw meterial has aggravated the position of the local manufacturers of rubber products, and many of these mills have been forced to wholly or partially suspend operations.

Prices ruling at the end of last week were Smoked Sheets No. 1 $500 per picul, No. 2 $495, No. 3 $490 and No. 4 $485. Al these rates are the highest so far recorded this year.

Cement

Local importers were advised by cable last week that the f.o.b. price of Japanese cement had been raised to US$13.50 per ton, or 50 cents higher than previously. It was also reported that the Chinese Communist authorities, owing to an insufficient home output, signed up 10,000 tons lately with

the Green Island Cement Company here, the price being $6.00 per 112-lb. bag, which was 25 cents lower than the official price.

The business done last week included 100 tons of "Bell" brand Japanese cement for shipment in November at $96 per ton, representing an increase of $6.00 as compared with the price previously reported. A total of 2,000 tons was traded in on Saturday, the goods being for shipment to Fukien. A shipment of 1,000 tons of Japanese cement contracted for by local buyers at $89.00 per ton, was offered last week at $98.00 per ton ex-steamer. Spot cargoes were generally firm and the recent sales of Green Island products soared to an average of over 10,000 bags per day. The price for Rapid Hardening Cement stood firm at $7.80 (official price $7.25) and that for Green Island 94-lb. rising to $6.00 (official price $5.35) per bag. Japanese products in 200-lb packing also went up from $5.40 to $5.50 per bag.

Hides

As arrivals from China, Thailand and Indochina were insufficient to meet the active market demand, prices improved further last week. There was much buying for export to Japan and Turkey, and an offer of Thailand cowhides was quickly taken up. Bnsiness was done on some 3,000 pieces on Thursday and Friday, Cowhides, light weight, being traded in at $789 per picul, medium weight at $688 per picul, and heavy weight at $660 per picul. Buffalo Hides, 20 lbs. up, changed hands at $315.75 per picul.

Gunny Bags

Reacting to the announcement by India of an increase in the export duty on jute products from 350 to 750 rupees per ton, the market displayed increased bullishness last week. The demand remained brisk, but both spot and future offers were scarce. Buyers in the market were willing to pay the price of $5.00, as against $4.30 the week before, but were able to obtain only very small quantities. The demand by North China merchants was still good and the rumour that the authorities there would soon ban gunny bag imports was not taken seriously, as China at present could not produce sufficient quantity of these products to meet requirements. The closing prices for Indian Heavy Cees were quoted in the market at $4.60 per piece, Kepal at $4.40, and Old Bags of 1st quality at $2.45.

China Produce

While large shipments continued to arrive from the producing areas, overseas demand brought about a generally improved atmosphere in the market last week. **Tung Oil** displayed a strong undertone on the higher prices reported in the U.S. and Japanese markets. The week's turnover in this commodity was estimated at around 700 tons, with the price keeping close to $183 per picul. **Teaseed Oil** holders raised their price to $160, with buyers offering $155. Some bulk cargo was transacted on Friday at $154.25. Twelve drums of Aniseed Oil were traded in at $875 per picul. Both **Cassia Oil** and **Rapeseed Oil** were steady, the former being priced at $2,250 and the latter $125 per picul. A firm tone was likewise shown by **West River Cassia Lignea**. First transacted at $50 per picul; bulk goods subsequently improved to $52.00. Products in 60-catty packings and Honan Scraped also went up by about 5 percent, being quoted at $57.00 and $100 per picul respectively. Both Indian and European interests in these commodities had lately revived in some degree. The market for Gallnuts, on the other hand, weakened owing to an excess of supply. Only small amounts of business was transacted on Liuchow products at $95.00 per picul, or $7 lower than the preceding week's level.

Owing to brisk enquiries from Japan and to higher prices at the producing centres, Yuankiang Ramie improved from $164 to $170. Business on 300 piculs was done at the former price. Some **Nanning Aniseed** changed hands at $142 per picul. **Black Tea** also showed a firmer tendency, BOP being quoted at $280, OP at $265 and Dust at $98 per picul.

Arrivals of China Produce

Cassia lignea and tea recorded a large increase in the shipments of China produce which were unloaded here last week. The shipments came from various coastal cities, and for the first time in many months cargoes were again coming from Shanghai. The quantities which arrived last week were as follows:

Cassia Lignea	8,768 packages
Tea	6,821 chests
Tung Oil	2,058 drums
Gallnuts	4,631 packages
Fresh Hen's Eggs	2,200 "
Ramie	2,002 "
Peppermint Oil	340 "
Rapeseed Oil	360 "
Hides	412 "
Feathers	154 "
Teaseed Oil	154 "
Casings	37 "
Sheep's Wool	40 "
Raw Silk	388 "
Cassia Oil	"
Aniseed Oil	1 "
Bean Cake	17,826 pieces

COMMERCIAL REPORTS

Burma's Cotton

Final figures for Burma's 1949-50 cotton crop show that 142,000 acres were planted, yielding 4,700 long tons of cotton. Three important cotton-growing districts with 1948-49 output of 2,000 tons were not included when final reports were compiled. The acreage planted for the 1950-51 season is estimated at 174,600 acres.

An exportable surplus of 3,700 long tons of cotton has been estimated for 1949-50.

Films in Thailand

Thailand has approximately 25 stationary 16-mm. theaters (none in Bangkok) and an estimated 40 commercial mobile motionpicture units. There are also about 35 semimobile units controlled by the Thai Ministry of Education. Domestically produced entertainment films, although mediocre, are in great demand throughout the interior. In Bangkok however, United States films are predominant.

Five studios in Thailand are producing 16-mm. sound films. From 15 to 20 films suitable for public showing in Bangkok were released during the first half of 1950. More were produced but because of their poor quality were shipped to the interior. Although some black and white films are developed in Bangkok, the majority of them and all color films are sent to the United States, Australia, or Singapore for processing. No laboratory facilities are available for making 16-mm. prints from 35-mm. films.

Practically all foreign 16-mm. films being shown are distributed by the seven major United States film companies operating in Thailand. A large number of 16-mm. films have been privately purchased and imported for commercial and semicommerical showings. Most distributors charge a flat basic price for each program, according to the quality of the picture and location of the theater.

Indonesia's Tea Industry

The steady improvement in tea cultivation in Indonesia in 1949 continued in the first 6 months of 1950. In the first 5 months the number of producing estates increased from 9 to 176 and the number of factories from 5 to 111; the planted acreage rose to 76,331 hectares and the area in upkeep to 61,603 hectares (1 hectare = 2.471 acres). Average monthly production of factory-processed tea in the first 5 months amou to 3,063,000 kilograms compared with a monthly average of 2,264.000 kilograms in 1949 (1 kilogram = 2.2046 pounds).

Exports of tea in the first 6 month totaled 10,542 metric tons, compared with 15,018 tons in the second half of 1949.

HONGKONG ALUMINIUM MANUFACTURING INDUSTRY

Demands for Hongkong-made aluminium products have increased by nearly 100 percent since the outbreak of the Korean hostilities, thus reactivating one of the most progressive industries in the Colony following the slump in the first half of this year. These demands have come mostly from Indonesia where the gradual return of normal conditions has raised the need for industrial goods. British Malaya, the Philippines and Thailand are other countries which have also increased their purchases of aluminium ware from Hongkong, while smaller orders have also come from East and South Africa. These countries today make up the principal outlet for the locally made aluminium products.

The improved sales of Hongkong aluminum ware are due to the decrease of supply from Japan and a substantial rise in the prices of Japanese aluminium manufactures. Many orders which would normally go to Japanese producers have been diverted to the factories in Hongkong since war broke out in Korea.

Owing to the incessant rise in the cost of raw materials, mainly aluminium ingots and sheets, the quotations of the Hongkong manufacturers have been raised by more than 10 percent since the end of June. This increase is considered as comparatively mild as costs of raw supplies rose by more than 20 percent. The lower prices of the Hongkong goods are one of the major attractions for demand from the Southseas countries.

To avoid unforeseen risks, the Hongkong aluminium ware factories are at present following a conservative policy. Orders from customers are only accepted when raw materials are procurable here. Under present uncertain conditions no factory is considering making commitments more than two months in advance.

Where a manufacturer holds raw material stocks profits are fully assured, but where such are not held in readiness it is always a risk to sign a sales contract for the delivery of goods at some future date.

The major problem at present facing the industry is the total lack of definite export sales that will allow the producers to make production plans ahead. The consumption of aluminium ware in Hongkong is insignificant in comparison to local production. Exports to China have been completely suspended. Sales are thus dependent principally on other Far Eastern markets, the requirements of which fluctuate and are quite difficult to ascertain. Consequently, local manufacturers, as a protective measure, produce only as much as they have contracted for and prepare a limited amount of surplus stock.

This risk factor accounts for the fact that the production of local factories, despite good sales prospects, amounts to a value of only $500,000 per month. Working at full capacity the mills may turn out monthly $800,000 worth of goods. They are at present operating at less than three quarters of their capacities.

The manufacture of aluminium articles in Hongkong is one of the industries which sprang up after the Second World War, having been inaugurated only in 1946. Six factories are now working of which two were already here before 1946, but did not enter into the production of aluminium ware until after that date, while the other four were previously established in Shanghai and subsequently set up here new plants. The names and the factory sites of these companies are as follows:

Wah Chong Metal Works, Wing Hong Street, Ting Tai Metal Works, Castle Peak Road, Nee Kwang Aluminium Factory, Castle Peak Road, Jing Chong Aluminium Factory, Tsun Wan, Diaward Steel Factory, Kennedy Town, Chung Nam Metal Works, North Point.

The largest factory is the Wah Chong Metal Works. The Diaward Steel Factory and the Chung Nam Metal Works are old Hongkong factories which used to produce only iron and steel articles. Their products consist of almost all household utensils, such as cooking pots, food carriers, kettles and coffee pots.

The chief raw material of these factories is aluminium ingots, imported from Canada. Formerly aluminium sheets only were imported as raw materials from Great Britain, Japan, Canada and the United States, but when the Wah Chong Metal Works later started to produce its own aluminium sheets from ingots, the volume greatly declined. In addition to meeting its own requirements the Wah Chong mill is also producing aluminium sheets in sufficient quantities to supply the other factories.

The local manufacturers are not showing much optimism regarding the future.

China is closed to them, and the threat of Japanese competition is recognised. No trade association has been formed among the factories. Such an organisation may be considered necessary when the time comes for joint action and coordinated planning.

The local public knows the pots and pans and other aluminium goods produced here and likes them. Abroad our manufactures, generally, suffer from lack of adequate publicity. Nevertheless, thanks mainly to the efforts of oversea Chinese merchants in consuming countries like Siam, Indonesia, Malaya, the Philippines, sales of locally made products are pushed and aluminium ware has received good reception in most 'southseas' markets. Quality and packing are up to any foreign standard and therefore one can look forward with confidence to the further expansion of the local industry.

Over 400 workers are directly employed in the manufacture of aluminium goods. There are good prospects that the industry will expand as its overseas sales go up and that then more employment will be provided.

Management of the six factories is modern and progressive. Amenities for the labourers have been made available and more ambitious plans for meeting legitimate needs of workers are now studied. Some amount of research work is undertaken and close watch is kept on manufacturing methods in foreign countries. The industry though being a new one both here and in the Far East (with the exception of Japan) has nevertheless developed fast and by copying from more advanced industrial countries has achieved in a short time a good deal of prestige which is, if the progressive spirit is being maintained, going to pay off well in the future.

Taiwan Economic Reports

Foreign Trade: — After further discussions regarding Sino-Japanese trade, Provincial Government authorities have decided to impose a quota on imports from **Japan.**

The Foreign Trade Subcommittee (formed September 26 under the Provincial Production Board to promote Taiwan's foreign trade) decided in principle on September 27 to admit Japanese merchants into Taiwan with forthcoming concrete measures subject to approval by the Provincial Government and the Executive Yuan.

Provincial authorities on October 3 removed the temporary ban on imports of bamboo, steel, silication iron and 22 other items including foodstuffs, stationery, et cetera. The restriction on exports of tapioca flour was also removed.

The Bank of Taiwan reported that during September US$10 million was earned through exports while US$6.2 million was expended for imports. (Over-all earnings of US dollar exchange amounted to $10,489,040; but total expenditures of $7,827,847, however, reduced the surplus of $3,8 million earned through foreign trade to a $2.66 balance for the month.)

Special permission was given to the National Resources Commission's Taiwan Gold and Copper Mining Bureau to export electrolytic copper (99.9 percent copper content) to Japan or to sell it to the Economic Cooperation Administration in Washington. The amount involved, however, was not stated.

Banking and Finance: — The regular note issue of NTY196.462,488 (as of the end of September) was fully backed by 600,044.6 shih taels of gold and US dollar exchange credits of $2,845,000. The extra note issue, amounting to NTY49 million, was backed with trade acceptances, warehouse receipts, and mortgaged commodities against which loans had been granted.

The Bank of Taiwan reported that receipts from overseas remittances during September totalled US$292,694, while in the same month US$1,256,495 was remitted abroad. On September 25

MALAYAN ECONOMIC REPORT

Rubber and tin output during the last few months continued at high levels with the momentum of production enhanced by stimulating prices. Palm oils moved in steady volume to the United Kingdom under Ministry of Food contract. Additional quantities of palm oils as well as other coconut products found ready markets on the European continent at mounting prices. Malayan Government revenues, part of which are derived from export duties, expanded with the inpour of money brought about by the elevated prices for the country's export commodities. Share frading was nevertheless dull as would-be investors were apprehensive of increased taxes to support the Government's six-year development plan and feared additional levies on income to sustain the program against terrorists. The London market was particularly bearish with regard to Malayan "industrials" and, in addition, it was noted that some local Malayan capital was attracted to Australian "war earning potential" stocks.

A deterrent to even larger Malayan earnings from exports in recent months was the inadequacy of rubber remilling facilities for coping with incoming supplies of Indonesian and other small holders' rubber flowing into Singapore in enlarged volume due to active tapping stimulated by the high prevailing prices. Remilling facilities in Singapore were unfortunately reduced through the destructive burning by terrorists in July of one of the colony's largest mills. Reconstruction of the mill is progressing but it is not expected that it will be back in full operation until the end of the year.

Malayan authorities have expressed concern over maintaining an adequate inflow of rice to feed the country's population. Rice shortages are expected to develop in South East Asian countries in 1951. In order to discuss means for meeting the situation, the British authorities in South East Asia called an informal conference of delegates, mostly from rice deficit countries, which opened at Singapore during the first week in September.

Plans are underway to develop a large cacao estate in Trengganu, in order to diversify production in Malaya for the purpose of lessening dependence upon rubber and tin. Cacao is said to be a logical new undertaking because of the subsidence of production in the Gold Coast region of Africa.

In the first of 1950, British Malaya exported 682 hundredweight of derris root, compared with 906 hundredweight in the corresponding period of 1949, a decrease of 24.7 precent. (1 hundredweight=112 pounds.) However, exports were 4.9 percent greater than in the second half of 1949, when they amounted to 650 hundredweight. The United Kingdom was the principal purchaser in the first half of 1950, taking 54.1 percent; Hong Kong was second with 42.5 percent. No shipments were made to the United States in the first 6 months of 1950; 58 hundredweight were exported to that country in the second half of 1949.

Imports of derris root in the first half of 1950 totaled only 18 hundredweight, all from Sumatra. In the corresponding period of 1949, 521 hundredweight were imported from Formosa and 20 hundredweight from Sumatra. Imports in the second half of 1949 were 57 hundredweight—9 from Sumatra and 48 from other Indonesian areas.

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the Bank of Taiwan reduced its commission charges on remittances abroad by half, i.e., to 5 percent; also on September 29 the Bank began to accept local (Taiwan) currency as well as US dollar notes which latter had previously been the only currency accepted.

Exchange Rates: The rate for US dollar notes remained unchanged at NTY10.25 to 1. The official price for gold remained unchanged while its price on the open market advanced from NTY493 per Taiwan tael on October 3 to NTY490 on October 9.

Commodity Prices:— No change was noted in the prices of most staple commodities. The price for rationed rice, however, advanced to NTY0.70 per catty, while the price for pork on the open market increased to NTY7.50 per catty.

HONGKONG IMPORTS AND EXPORTS OF SELECTED COMMODITIES

FOR THE MONTH OF SEPTEMBER, 1950.

WOLFRAM

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	55	27,093
Macao	16	7,369	—	—
U. S. A.	—	—	168	94,920
Total	16	7,369	223	122,013

ANTIMONY

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Germany	—	—	168	44,620
Total	—	—	168	44,620

TIN INGOTS OF CHINESE ORIGIN

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
China, Middle	—	—	202	168,400
Total	—	—	202	168,400

TIN INGOTS, NOT ELSEWHERE STATED

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Malaya (Br.)	250	178,514	—	—
Total	250	178,514	—	—

TINNED PLATES (TINNED SHEETS)

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	2,080	124,111	—	—
Malaya (Br.)	840	89,600	—	—
China, North	—	—	2,996	229,250
,, Middle	—	—	7,009	551,970
,, South	—	—	3,861	315,685
Japan	211	6,800	—	—
Macao	—	—	568	54,310
Thailand	—	—	26	4,900
U. S. A.	29,487	1,194,886	—	—
Total	32,618	1,415,397	14,460	1,156,115

ANISEED OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	72	60,747
South Africa	—	—	3	2,835
Belgium	—	—	6	6,300
China, Middle	—	—	2	1,275
,, South	262	208,305	—	—
France	—	—	17	16,262
French Indochina	54	47,590	—	—
Germany	—	—	190	172,828
Japan	—	—	7	5,943
U. S. A.	—	—	190	173,650
Total	316	255,895	487	439,840

CASSIA OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	48	76,275
China, South	136	221,980	—	—
Japan	—	—	3	5,568
Macao	66	117,352	—	—
U. S. A.	—	—	126	249,502
Total	202	339,332	177	331,345

WOOD OIL IN DRUMS

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	840	159,600
Australia	—	—	1,160	210,490
Canada	—	—	95	16,443
India	—	—	747	142,498
Malaya (Br.)	—	—	314	62,464
New Zealand	—	—	471	82,219
North Borneo	—	—	21	4,082
South Africa	—	—	2,255	420,410
Belgium	—	—	1,512	286,865
China, North	6,602	888,792	—	—
,, Middle	—	—	510	91,430
,, South	86,799	14,354,891	—	—
Denmark	—	—	7,556	137,844
France	—	—	1,932	364,014
Germany	—	—	2,604	491,612
Holland	—	—	2,562	482,223
Italy	—	—	450	80,384
Norway	—	—	2,268	430,752
U. S. of Indonesia	—	—	34	6,384
Portugal	—	—	201	36,624
Thailand	—	—	26	3,805
Sweden	—	—	1,344	252,000
Total	93,401	15,243,683	20,102	3,764,143

WOOD OIL IN BULK

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	17,712	3,216,416
China, South	33,522	6,051,544	—	—
Holland	—	—	5,124	735,882
U. S. A.	—	—	83,420	14,736,200
Total	33,522	6,051,544	106,256	18,688,498

OTHER OILS FROM SEEDS, NUTS and KERNELS

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
India	34	6,520	—	—
China, South	8,622	1,039,116	—	—
Japan	—	—	1	142
Macao	—	—	18	1,220
Thailand	196	22,948	—	—
U. S. A.	106	12,578	—	—
Total	8,958	1,081,162	19	1,362

COCO-NUT (Copra) OIL, REFINED

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Malaya (Br.)	4,088	542.300	—	—
North Borneo	9	1,080	—	—
China, North	—	—	398	46,518
,, Middle	—	—	5,166	635,239
,, South	21	1,980	2,349	340,380
Macao	—	—	30	4,000
Thailand	180	25,200	—	—
Total	4,298	570,560	7,943	1,026,137

LINSEED OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
India	261	45,462	—	—
China, Middle	—	—	222	26,332
,, South	—	—	8	2,300
Macao	—	—	4	575
Total	261	45,462	234	29,207

BRISTLES

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
China, Middle	—	—	5	8,815
„ South	1,945	2,445,000	—	—
Germany	—	—	106	115,000
Japan	38	66,240	105	120,540
U. S. A.	—	—	860	3,194,685
Total	1,983	2,511,240	1,076	3,439,040

CRUDE RUBBER and RUBBER SUBSTITUTES (gutta-percha, balata, etc.)

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Malaya (Br.)	116,514	38,489,401	168	51,072
North Borneo	981	171,762	—	—
China, North	—	—	30,992	7,295,542
„ Middle	—	—	1,861	542,642
„ South	—	—	66,789	22,032,684
Macao	—	—	7	2,450
U. S. of Indonesia	3,326	730,137	—	—
Thailand	4	400	—	—
Total	120,825	39,391,700	99,817	29,924,390

GROUNDNUT (peanut) OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Australia	—	—	20	3,048
Canada	—	—	3	728
Malaya (Br.)	—	—	1,205	197,594
North Borneo	—	—	40	5,193
Br. Commonwealth, Other	—	—	19	3,786
China, North	9,073	1,111,235	—	—
„ Middle	3,169	486,335	—	—
„ South	204	31,392	—	—
Holland	—	—	5,206	660,303
Macao	1	51	1,261	179,597
Thailand 4	7,375	1,101,173	—	—
Belgium	—	—	11,268	1,429,408
Total	19,622	2,730,186	19,022	2,479,957

SESAMUM OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Australia	—	—	6	925
Canada	—	—	41	8,038
Malaya (Br.)	—	—	166	31,480
North Borneo	—	—	2	520
West Indies	—	—	2	400
Br. Commonwealth, Other	—	—	2	148
China, North	177	29,520	—	—
„ South	27	4,750	—	—
Macao	—	—	9	1,540
Philippines	—	—	1	180
U. S. A.	—	—	27	6,196
Total	204	34,270	256	49,427

SOYA BEAN OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
Australia	—	—	420	50,400
Belgium	—	—	5,057	599,338
China, South	5,907	693,983	—	—
Holland	—	—	3,360	369,600
Total	5,907	693,983	8,837	1,019,338

TEA SEED OIL

Countries	Imports Quantity Piculs	Imports Value $	Exports Quantity Piculs	Exports Value $
United Kingdom	—	—	9,455	1,574,410
China, South	5,238	804,591	—	—
Total	5,238	804,591	9,455	1,574,410